A/47/30

United Nations

Report of the International Civil Service Commission for the year 1992

General Assembly
Official Records • Forty-seventh Session
Supplement No. 30 (A/47/30)

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United Nations • New York, 1992

NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

ISSN 0251-9321

[Original: English]

[29 September 1992]

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ABBREVIATIONS

ACC	Advisory Committee on Coordination
ACPAQ	Advisory Committee on Post Adjustment Questions
CCAQ	Consultative Committee on Administrative Questions
CCISUA	Coordinating Committee for Independent Staff Unions and Associations of the United Nations System
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants' Associations
GATT	General Agreement on Tariffs and Trade
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMO	International Maritime Organization
IRS	United States Internal Revenue Service
ITU	International Telecommunication Union
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	Office of the United Nations High Commissioner for Refugees
UNIDO	United Nations Industrial Development Organization
UNJSPB	United Nations Joint Staff Pension Board
UNJSPF	United Nations Joint Staff Pension Fund
UPU	Universal Postal Union
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

GLOSSARY OF TECHNICAL TERMS

Band approach	One of the approaches under consideration to determine gross salaries (pensionable remuneration) from net pensionable salaries for the General Service and related categories of staff. Under this approach, net salary scales at all duty stations would be divided in a pre-determined number of "bands". The grossing-up factor for a particular band would be the same at all duty stations.
Base/floor salary scale	For the Professional and higher categories of staff, a universally applicable salary scale is used in conjunction with the post adjustment system. The minimum net amounts received by staff members around the world equal those shown in this scale, called the base/floor salary scale.
Benchmark jobs	Context: General Service salary surveys. Benchmarks comprise a group of jobs reflecting typical duties and functions representing a significant proportion of staff at various levels in the above-mentioned category.
Ceiling on the education grant	Under normal circumstances, the maximum education grant (ceiling) equals 75 per cent of maximum admissible expenditures. The ceiling on the education grant for disabled children equals 100 per cent of the maximum admissible expenditures.
Common Classification of Occupational Groups (CCOG)	A set of definitions for individual occupations covering jobs typically found in the common system.
Comparator	Salaries and other conditions of employment of staff in the Professional and higher categories are determined in accordance with the Noblemaire principle by reference to those applicable in the civil service of the country with the highest paid levels. The United States federal civil service has been used as the comparator since the inception of the United Nations.

Consolidation of post adjustment	The base/floor salary scale for the Professional and higher categories is adjusted periodically to reflect increases in the comparator salary scale. This upward adjustment is made by taking a fixed amount of post adjustment and incorporating or "consolidating" it in the base/floor salary scale. If the scale is increased by consolidating 5 per cent of post adjustment, the post adjustment classifications at all duty stations are then reduced by 5 per cent, thus ensuring, generally, no losses or gains to staff.
Contributory service	All United Nations common system staff members meeting certain criteria participate in the United Nations Joint Staff Pension Fund (UNJSPF) and contribute a percentage of their pensionable remuneration to the Fund. The period over which this contribution is made is termed "years of contributory service".
Cost-of-living differential	In net remuneration margin calculations, the remuneration of United Nations officials from the Professional and higher categories in New York is compared with their counterparts in the comparator service in Washington, D.C. As part of that comparison, the difference in cost of living between New York and Washington, D.C. is applied to the comparator salaries to determine their "real value" in New York. The cost-of-living differential between New York and Washington is also taken into account in comparing pensionable remuneration amounts applicable to the two groups of staff mentioned above.
General Schedule	In the comparator service, a large majority of staff members are covered under a 15-grade salary scale known as the General Schedule.
Grade equivalencies	A comparison of United Nations system grades P-1 to D-2 with the corresponding grades in the comparator service is carried out by the Commission once every five years. The results of those comparisons provide an indication of the comparator grade(s) which are equivalent in terms of job content to a particular United Nations grade.

Grade overlap	At some duty stations, the salaries of the highest level General Service staff members are equal to or higher than the remuneration (net base salary plus post adjustment, if applicable) of lower levels of Professional category staff. That phenomenon is known as grade overlap.
Grossing-up procedure	The method used to determine gross salaries from net salaries.
Headquarters locations	Headquarters of the organizations participating in the United Nations common system are: Geneva, London, Montreal, New York, Paris, Rome and Vienna.
Income inversion	Context: Comparison of gross salaries (pensionable remuneration) of General Service staff with the pensionable remuneration of the Professional staff. The phenomenon relates to situations where the same or lower net remuneration received by staff in one category leads to a pensionable remuneration higher than that of staff from another category receiving the same or higher net remuneration.
Income replacement ratio	The ratio of pension to average net salary received during the same three-year period used in the determination of the pension benefit.
Language factor	Adjustment made to the local salary scale for the General Service staff at a given headquarters location to account for the fact that the local language is not a working language of the United Nations organization(s) and staff are required to work in a language other than the local language.
Local currency entitlement	The term is used in the context of dependency allowances (child and secondary dependant allowance) for the Professional and higher categories. Until 1989, the amounts of those allowances were fixed in United States dollars. In view of currency fluctuations, in particular at the hard currency duty stations, the value of those allowances in local currency terms fluctuated significantly. Since 1989, the amounts have been fixed in United States dollars and in a selected group of hard currencies. Staff at Geneva, for example, are entitled to receive their dependency allowances in Swiss francs without experiencing a change in the value of the allowance owing to currency fluctuations.

Longevity steps	Extra steps beyond those representing normal salary progression relating to seniority in grade. Such extra steps are generally granted for long service with the organizations.
Maximum admissible expenditures	Under the provisions of the education grant, expenses incurred by staff members on fees, boarding costs, books etc., are added to arrive at the total of education-related expenses. A limit (maximum) is placed on the total of admissible education-related expenditures.
Net pensionable salary	At duty stations where no adjustment is made to account for "non-pensionable" allowances or benefits provided by outside employers used in the context of General Service salary surveys, net pensionable salary equals net salary. At duty stations where an adjustment is made to account for "non-pensionable" elements, net pensionable salary equals net salary less the "non-pensionable" component.
Netting down	The procedure whereby the net equivalent of gross salary is obtained by the application of relevant taxes.
Non-pensionable component	Context: General Service pensionable remuneration. Some outside employers used in General Service salary surveys pay, in addition to gross salaries, a number of allowances and fringe benefits, some of which they consider as "non-pensionable", that is, not taken into account in determining the retirement benefits of their employees. Those are added together to arrive at the "non-pensionable component". The sum of all "non-pensionable" elements is expressed as a percentage of net salary, which is reduced by the applicable threshold to arrive at the "non-pensionable component".
Out-of-area component	In arriving at the post adjustment relativities between New York (the base of the system) and other duty stations, separate account is taken of expenses incurred by staff at their duty station and also those incurred outside the duty station. The first group of expenditures is termed the "in-area" component, while the second group is termed the "out-of-area" component.

Pensionable remuneration	The amount used as the basis for effecting contributions from the staff member and the organization to the United Nations Joint Staff Pension Fund (UNJSPF). Pensionable remuneration amounts are also used for the determination of pension benefits of staff members upon retirement.
Prices and costs (of education)	Context: Methodology for reviewing the level of the education grant. Prices refer to fees charged by selected educational institutions in the seven headquarters duty station countries commonly attended by children of international staff. Costs refer to expenditures incurred by staff members.
Regressive reimbursement formula	Context: Headquarters rental subsidy scheme. Subsidies are paid at the rate of 80 per cent of the difference between the actual and the "threshold" rent for the first four years. For the fifth through the seventh year, the reimbursement rate drops to 60, 40 and 20 per cent, respectively. This is known as the "regressive" reimbursement formula.
Rent-to-income ratio	The ratio of gross income paid by staff expressed as a percentage of their net remuneration.
Rental subsidy scheme	The rental subsidy scheme applies primarily to staff in the Professional and higher categories. A rental subsidy is paid to a staff member whose rent exceeds the average rent calculated in accordance with the established criteria.
Rental threshold	The rental threshold at a given duty station is indicative of the average rent taken into account in determining the post adjustment classification of the duty station.
Senior Executive Service (SES)	Officials of the comparator service in senior managerial positions are covered under a salary scale known as the Senior Executive Service schedule.
Special index for pensioners	Context: Pension adjustment system. Staff retiring in countries where the cost of living is higher by 5 per cent or more than New York, are eligible to receive supplements to their pension benefit. In countries where such upward adjustments to

	pensions are made, a comparison of taxes on pensions and the United Nations staff assessment rates is carried out. If the taxes on pensions are lower than the staff assessment rates, the difference is calculated in terms of a special index for pensioners. The actual upward adjustment to initial pensions is made after taking into account the cost of living difference and the special index for pensioners.
Special post allowance (SPA)	A staff member who is called upon to assume the full duties and responsibilities of a post at a clearly recognizable higher level than his/her own post for a temporary period may, in exceptional cases, be granted a special post allowance. The amount of the special post allowance is generally equivalent to the salary increase which the staff member would have received had he/she been promoted to the higher level post.
Staff assessment	Salaries of United Nations staff from all categories are expressed in gross and net terms, the difference between the two being the staff assessment. Staff assessment is an internal United Nations form of "taxation" and is analogous to taxes on salaries applicable in most countries.
Tax abatement	Context: Dependency allowances. In the tax systems of a number of countries, tax credit or relief is provided to taxpayers who are responsible for the financial support of dependants such as spouse, children, parents etc.

LETTER OF TRANSMITTAL

28 September 1992

Sir,

I have the honour to transmit herewith the eighteenth annual report of the International Civil Service Commission, prepared in accordance with article 17 of its statute.

I should be grateful if you would submit this report to the General Assembly and, as provided in article 17 of the statute, also transmit it to the governing organs of the other organizations participating in the work of the Commission, through their executive heads, and to staff representatives.

I avail myself of this opportunity to renew to you, Sir, the assurances of my highest consideration.

(*Signed*) M. BEL HADJ AMOR
Chairman

His Excellency
Mr. Boutros Boutros-Ghali
Secretary-General of the United Nations
New York

SUMMARY OF RECOMMENDATIONS THAT CALL FOR DECISIONS BY THE GENERAL ASSEMBLY AND THE LEGISLATIVE ORGANS OF THE OTHER PARTICIPATING ORGANIZATIONS

Paragraph reference

A. Action by the International Telecommunication Union concerning the granting of special post allowance

43 (f) The Commission decided to recommend to the General Assembly that it should make it mandatory for all organizations to invite the Commission to be represented at meetings where proposals pertaining to salaries, allowances, benefits and other conditions of employment are discussed.

B. Pensionable remuneration and pension entitlements

Pension arrangements outside the United Nations Joint Staff Pension Fund for elected ungraded officials

69 The Commission decided to recommend to the General Assembly and the governing bodies of the other organizations of the common system guidelines for alternative pension benefit arrangements outside the Pension Fund if it were decided that their elected ungraded officials should not be participants in the Pension Fund.

C. Remuneration of the Professional and higher categories

(i) Base/floor salary scale

118 The Commission decided to recommend to the General Assembly that the current base/floor salary scale for the Professional and higher categories of staff be increased by 6.9 per cent through consolidation of post adjustment, with effect from 1 March 1993. In that context, the Commission recommends to the General Assembly the resulting base/floor salary scale and the associated staff assessment scale for use in conjunction with gross base salaries for staff members without primary dependants.

(ii) Special occupational rates

177 The Commission decided to report to the General Assembly that special occupational rates could be introduced in the common system as a means of addressing recruitment and retention problems for some technical specialized fields. The Commission invites the General Assembly to endorse this approach in principle.

Paragraph reference

(iii) Methodology for the determination of dependency allowances for the Professional and higher categories

191 The Commission decided to recommend to the General Assembly that the children's and the secondary dependants' allowances for the above categories of staff be increased by 21 and 50 per cent, respectively, from 1 January 1993. It further recommended that the eligibility criteria for those allowances should remain unchanged and that the present local currency entitlement system for hard currency duty stations should be maintained.

D. Conditions of service applicable to both categories: Level of the education grant

252 The Commission decided to recommend an increase in the level of maximum admissible educational expenses, the maximum grant and the ceiling for boarding costs for areas where education-related expenses were incurred in specified currencies. It also decided to recommend that the special education grant maximum for disabled children in these areas should be adjusted in line with the revised maximum for admissible educational expenses. It further recommended that the amount of additional reimbursement of boarding costs over and above the maximum grant payable to staff members at designated duty stations should be maintained at the present level in respect of all currency areas.

E. Conditions of service in the field: Review of the operation of the mobility and hardship scheme

283 The Commission decided to recommend to the General Assembly that the existing parameters of the mobility and hardship scheme, including the linkage between the mobility and hardship allowance and the base/floor salary, be maintained.

F. Report on the status of women in the United Nations system

296 The Commission made specific recommendations to the organizations in the following areas:

(a) Overall strategy for improving the status of women;

(b) Objectives for the representation of women in the Professional and higher categories;

(c) Career progression;

(d) Work/family related issues;

(e) Attitudinal issues;

(f) Monitoring, reporting and accountability.

SUMMARY OF FINANCIAL IMPLICATIONS OF THE COMMISSION'S RECOMMENDATIONS TO THE GENERAL ASSEMBLY FOR THE UNITED NATIONS AND PARTICIPATING ORGANIZATIONS (FOR ALL SOURCES OF FUNDS)

Paragraph reference

A. Base/floor salary scale

The Commission recommends that the current base/floor salary scale for the Professional and higher categories of staff be increased by 6.9 per cent with effect from 1 March 1993. The financial implications associated with this recommendation are estimated at $4.28 million per annum. For the 10 months of 1993, the corresponding financial implications are estimated at $3.56 million.

B. Methodology for the determination of dependancy allowances for the Professional and higher categories

The Commission decided to recommend to the General Assembly that the current levels of the children's and secondary dependants' allowances should be increased by 21 and 50 per cent, respectively, effective 1 January 1993. The total financial implications of those recommendations are estimated at $3.1 million per annum.

C. Education grant

The financial implications of the Commission's recommendation on the maximum amount of admissible expenses, the maximum grant and ceiling for boarding costs, for selected areas, as well as the corresponding adjustment for the special education grant for disabled children, were estimated at $2.59 million per annum.

CHAPTER I

ORGANIZATIONAL MATTERS

A. Acceptance of the statute

1. Article 1 of the statute of the International Civil Service Commission (ICSC), approved by the General Assembly in its resolution 3357 (XXIX) of 18 December 1974, provides that:

> "The Commission shall perform its functions in respect of the United Nations and of those specialized agencies and other international organizations which participate in the United Nations common system and which accept the present statute ...".

2. To date 12 organizations have accepted the statute of the Commission, which, together with the United Nations itself, participate in the United Nations common system of salaries and allowances. Two other organizations, although not having formally accepted the statute, have participated fully in the work of the Commission.

B. Membership

3. At its forty-sixth session, the General Assembly appointed three new members of the Commission to fill the unexpired terms of office of three members who retired.

4. Ms. Lucretia F. Myers (United States of America) and Mr. Mario Bettati (France) were appointed to fill the unexpired portion of the terms of office (up to 31 December 1993) of Ms. Claudia Cooley (United States of America) and Mr. Michel Bardoux (France), who had submitted their resignations from the Commission. Mr. Anatoly M. Dryukov (Russian Federation) also submitted his resignation from the Commission and Mr. Valery Fiodorovich Keniyakin (Russian Federation) was appointed to fill the unexpired position of his term of office, that is until 31 December 1992.

5. The membership of the Commission for 1992 is as follows:

Mr. Mohsen Bel Hadj Amor (Tunisia)*** (Chairman)

Mr. Amjad Ali (Pakistan)*

Mr. Mario Bettati (France)**

Mrs. Turkia Daddah (Mauritania)***

Mr. Valery Fiodorovich Keniaykin (Russian Federation)*

Mrs. Francesca Yetunde Emanuel (Nigeria)*

Ms. Lucretia F. Myers (United States of America)**

Mr. Antonio Fonseca Pimentel (Brazil)**

Mr. Andre Xavier Pirson (Belgium)***

Mr. Jaroslav Riha (Czechoslovakia)***

Mr. Omar Sirry (Egypt)*

Mr. Alexis Stephanou (Greece)**

Mr. Ku Tashiro (Japan)**

Mr. Carlos S. Vegega (Argentina)*** (Vice-Chairman)

Mr. M. A. Vellodi (India)*

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* Term of office expires 31 December 1992.

** Term of office expires 31 December 1993.

*** Term of office expires 31 December 1994.

C. Sessions held by the Commission and questions examined

6. The Commission held two sessions in 1992: the thirty-fifth, which took place from 10 to 27 March at United Nations Headquarters in New York; and the thirty-sixth, which took place from 13 July to 7 August at the headquarters of the International Maritime Organization in London.

7. At those sessions, the Commission examined issues that derived from decisions and resolutions of the General Assembly as well as from its own statute. A number of decisions and resolutions adopted by the Assembly that required action or consideration by the Commission are discussed in the present document.

D. Staff participation

8. Under rule 37 of the Commission's rules of procedure, representatives of the Federation of International Civil Servants' Associations (FICSA) and the Coordinating Committee of Independent Staff Unions and Associations (CCISUA) may attend meetings, and may address the Commission on any matters on its agenda.

9. FICSA and CCISUA attended the Commission's thirty-fifth (spring 1992) and thirty-sixth (summer 1992) sessions. However, during the course of the latter session, on 28 July, the representatives of FICSA and of CCISUA informed the Commission that they had decided not to continue their participation in the Commission's deliberations at that session, following the decisions taken by the Commission on the review of the General Service salary survey methodology. Subsequent to those announcements, which are summarized in annex I of the present report, the representatives of the staff bodies did not attend the meetings of the Commission, with the exception of FICSA for the item on specific issues relating to Professional salaries, and CCISUA for the review of the level of the education grant and for the resumption and conclusion on the item for the procedure for the determination of the cost-of-living differential between New York and Washington, D.C.

10. Also during the course of the thirty-sixth session, an extraordinary Staff Assembly was held, in which the staff of various common system staff associations took part. The Assembly adopted a resolution which strongly urged that no change be made in the methodology for determining the pensionable remuneration of General Service staff, or to the salary survey methodology for that category of staff. It also urged the Commission to recommend to the General Assembly measures to restore the competitiveness of United Nations salaries.

CHAPTER II

ACTION TAKEN IN RELATION TO RESOLUTIONS AND DECISIONS OF THE GENERAL ASSEMBLY AT ITS FORTY-SIXTH SESSION

A. Resolution 46/191 B: United Nations common system

11. The General Assembly, in resolution 46/191 of 20 November 1991, requested the Commission to carry out a number of studies and to report thereon to the Assembly at its forty-seventh session. Details of those studies are set forth in the present document.

B. Resolution 46/220: Biennialization of the work programme of the Fifth Committee

12. General Assembly resolution 46/220 of 20 December 1991 provided for a biennial approach to the consideration of items on the agenda of the Fifth Committee, with the exception of those specifically mandated to be considered annually, as required, or on an ad hoc basis. One of the offshoots of this resolution was that, starting in 1992, the Commission's report to the Assembly would be considered for decision-making purposes only in alternate years. In the intervening (that is, odd-numbered) years, the report would be issued mainly for information and guidance.

13. The Commission considered the implications of that resolution for its work on the basis of an analysis of the provisions of its statute. In addition, it considered how its work programme for 1993 and 1994 might best be structured to take account of the biennial approach. Possible adjustments in the Commission's working methods, including the timing and duration of its sessions, and the delegation of items to smaller groups of members, were also reviewed with a view to enhancing the cost-effectiveness of the Commission's work.

Views of the organizations

14. The Chairman of CCAQ expressed serious concern about the impact of the General Assembly's decision on the work of the organizations and their legislative bodies. The decision would necessitate changes in the way that reports of the Commission were considered by other legislative bodies, which usually awaited the conclusions of the General Assembly before taking up issues raised by the Commission. The Committee considered the annual review and adjustment of the base/floor salary to be crucial to the proper management of the remuneration system. Increases in the United Nations base/floor salary were already implemented 15 months later than commensurate adjustments in the comparator civil service. Any further delays were unacceptable. Moreover, if remuneration were to fall below the lower level of the margin in an odd-numbered year, the Commission should request the General Assembly to approve an across-the-board increase under the exception clause of resolution 46/220. CCAQ agreed that it was important to enhance the cost-effectiveness of the Commission's work and could support any proposals to that end. It could not, however, agree to the delegation of additional matters to small groups of Commission members. The key was to ensure better use of

participants' time, which represented a heavy cost factor. It should be possible to reduce the length of Commission sessions, especially in odd-numbered years.

15. The representative of the United Nations observed that the reforms that the Fifth Committee had introduced into its working methods were designed to make time available for the in-depth review of the many items on its work programme. The biennial approach also had implications for the work of other bodies. He was sure that the Commission would be able to arrange its work so as to avoid any potential difficulties created by biennialization.

Views of staff representatives

16. The President of FICSA saw biennialization as a further step in the Fifth Committee's continuing efforts to delay consideration of staff entitlements. It was difficult to envisage how the base/floor salary could be adjusted other than annually, particularly in view of the fifteen-month time lag between the adjustment of the United Nations base/floor levels and the salaries of the comparator. Annual monitoring of the level of the net remuneration margin was also essential. Furthermore, FICSA attached importance to the annual consideration of the report on arrested and detained staff members.

17. The representative of CCISUA said that the possible adverse consequences of the General Assembly's decision must be avoided with respect to two important points. First, the base/floor salary must be adjusted on an annual basis. Secondly, it would be unacceptable if an across-the-board increase, which would be due if the margin fell below the lower end of the range, were deferred because this occurred in an odd-numbered year. He strongly supported the need for annual consideration of the item on safety and security of the international civil service. CCISUA had serious reservations about the delegation of items to smaller groups of members which it saw as hampering the consultation process. In odd-numbered years it might be preferable for the Commission to hold just one session: this would facilitate the timely production of documents.

Views of the United Nations Joint Staff Pension Board

18. The Secretary of UNJSPB informed the Commission that, at its recent forty-fourth session, the Board also had considered the implications for its work of General Assembly resolution 46/220. The Board had made certain adjustments to its work programme as reported in the report of that session. 1/ In particular the Board itself would no longer meet in odd-numbered years; instead, its Standing Committee would meet to deal with specific delegated items. The outline work programme in the document before the Commission included several items of interest to the Joint Staff Pension Board. With regard to the next comprehensive review of pensionable remuneration for the Professional and higher categories, which the General Assembly had requested should take place in 1995, the Board had agreed to convey to the Commission, as well as to indicate in its report to the Assembly, its belief that the next review should take place in 1996. As the Pension Board had placed on its work programme for 1994 a study of the special index for pensioners, it had decided to request that preliminary consideration of that matter be placed on the agenda of one of the Commission's 1993 sessions, since the current provisions of the special index had been approved by the Assembly on the recommendation of the Commission.

Discussion by the Commission

19. The Commission recalled that the possibility of a biennial approach to the work of the Fifth Committee had been discussed by that body on numerous occasions in the past. Moreover, the Commission itself had suggested a biennial consideration of its reports by the General Assembly in the framework of the 1991 review of its functioning. 2/ The Assembly's decision to go ahead with biennialization was motivated by a desire to streamline its workload. Therefore, while the biennial approach undoubtedly introduced new constraints, the Commission considered that it would be appropriate to concentrate on how to respond positively to this development. Its reaction needed to be framed in both external and internal terms: externally, a response to the Assembly on how biennialization affected its work programme, and internally, a reappraisal of its working methods with a view to building on the reforms adopted during the past few years.

20. From a sequential review of the various articles of its statute, 3/ the Commission concluded that it should, in general, be possible for it to adapt its work programme to the biennial approach. Not all circumstances could be foreseen, however, and judicious planning would be required so that the biennial approach could facilitate and not hinder the Commission's work.

21. There were, none the less, two specific matters which would need to be brought to the attention of the General Assembly. The first was the question of the management of the base/floor salary system. The Commission felt that the United Nations system base/floor salary scale should be reviewed and adjusted on an annual basis in tandem with its reference point, that is, the base salary of the comparator civil service. Secondly, it had been recognized that, if net remuneration were to fall below the lower end of the margin range, the Commission would need to consider a recommendation to the General Assembly for an across-the-board salary increase. It was agreed that, if this circumstance arose in an odd-numbered year, the Commission should request the Assembly to take the necessary action, by invoking the exclusion provisions of paragraph 1 of resolution 46/220. The Commission might also need to request other exceptions from time to time bearing in mind, in particular, that, under articles 14 and 15 of its statute, recommendations were addressed to the executive heads or legislative bodies of the various common system organizations.

22. With respect to other specific consequences of biennialization, the Commission noted that at present a comprehensive overview of the implementation of its decisions and recommendations was presented to the General Assembly every three years. It agreed that, in order to accommodate fit into the biennial approach, such reports should now be made every two years; since they were initially for information purposes, they should be presented in odd-numbered years, starting in 1993.

23. The Commission recalled that the General Assembly, in resolution 45/242, had requested the Commission to undertake a comprehensive review of pensionable remuneration for the Professional and higher categories in 1995. It agreed to inform the Assembly that it considered that this review should now take place in 1996: this time-frame was, moreover, consonant with the views of the Pension Board, with which the Commission had been requested to work in close cooperation. The review of staff assessment rates for these

categories should take place in 1994, possibly starting in 1993. The Commission agreed to review its work programme in detail in conjunction with the adoption of the agenda for the next session.

24. The Commission next considered whether it would be necessary to submit a report to the General Assembly annually, since in odd-numbered years its reports would be presented for information purposes. The Commission concluded, however, that it would be desirable and necessary for it to continue reporting to the Assembly on an annual basis, although the content and format of its report in odd-numbered years might be modified.

25. The Commission recalled that, with regard to its working methods, it had recently introduced a number of measures designed to enhance its efficiency. As to whether the duration of its meetings could be reduced in odd-numbered years, the Commission considered that, given the volume of its workload, the current overall duration of six weeks should be maintained for the time being. Consideration might be given to making one of the sessions longer, although the idea of having only one six-week session in odd-numbered years was not supported.

26. The Commission considered that it would be useful for the secretariat to consider further options for streamlining its procedures and accelerating the pace of its deliberations. These could include: the holding of information and briefing sessions on certain topics; the circulation of working papers in advance of formal documentation and the designation of certain items to be dealt with on a time-limited basis. It also considered the desirability of delegating certain matters to smaller groups of its members, but concluded that this would not be compatible with the consultative process, although a view was expressed that the consideration of salary survey results by such groups would relieve pressure on the work of the Commission as a whole.

27. The Commission agreed with the view that it was important to take up on an annual basis the report by the United Nations Security Coordinator on the security and safety of the international civil service, which comes under the item on personnel questions.

Decisions by the Commission

28. The Commission decided to inform the General Assembly that it had examined its work programme in the light of the biennialization of the work programme of the Fifth Committee. While it would in general be possible for it to adapt its work to the new requirements, it would be necessary, given the broad range of subjects that fell within its mandate, as well as the common system ramifications of these matters, to seek certain exceptions to the biennial consideration of certain issues. In particular, the Commission decided to request the Assembly to agree to examine adjustments to the base/floor salary scale on an annual basis. It also agreed to inform the Assembly of the importance of considering future across-the-board increases in salary on a timely basis, whether those arose in an odd-numbered or an even-numbered year.

29. The Commission also agreed to inform the General Assembly that:

(a) It would henceforth be presenting a comprehensive report on the implementation of its decisions and recommendations to the General Assembly every two years, starting in 1993;

(b) Although the Assembly requested that the comprehensive review of pensionable remuneration for the Professional and higher categories be undertaken in 1995, in view of biennialization, the Commission is of the view that it should take place in 1996.

30. The Commission decided to request its secretariat to examine further ways of enhancing the efficiency of the Commission's work, as well as possible changes in the format of the Commission's report to the Assembly in odd-numbered years.

C. Resolution 46/191 B: Action by the International Telecommunication Union concerning the granting of special post allowance

31. By resolution 46/191 of 20 December 1992, the United Nations General Assembly requested the Commission to assess the impact on the common system of the International Telecommunication Union (ITU) Administrative Council resolution R.1024 concerning the payment of a special post allowance (SPA), the interpretation of staff rules and the convening of the tripartite consultative group outside the ICSC rules of procedure, and to recommend to the Assembly at its forty-seventh session that appropriate measures should be taken. The Assembly also requested the Commission to propose measures to enforce and enhance respect for, and adherence by, all organizations to the common system of salaries, allowances and conditions of service.

32. It will be recalled that the action by ITU concerning the granting of an SPA was discussed by the Commission at its summer session in 1991 in response to General Assembly resolution 45/268 of 28 June 1991. Details of the Commission's consideration of this matter in 1991 are contained in its seventeenth annual report. 4/ In summary, the unilateral action by ITU had been deeply regretted as incompatible with the common system. That view was endorsed by the General Assembly in resolution 46/191.

Views of ITU

33. The representative of ITU invited the Commission to note that the ITU Administrative Council, by its resolution R.1024 of 8 July 1992, had accepted the views of the Commission, endorsed by the United Nations General Assembly, with regard to the action taken by ITU in applying its staff regulation 3.8(b). He informed the Commission that, during the period from 1 July to 31 December 1991, some 90 per cent of the staff in the Professional and higher categories had performed the additional work requested of them and had been paid the SPA. As established in May 1991, the additional work was continuing during the period from 1 February to 31 July 1992 and there was a legal commitment to grant the corresponding SPA payments to those staff members who had actually performed the additional work. However, a further payment of SPA beyond the two instalments was not proposed. He assured the

Commission that the payments of SPA under 3.8(b) had stopped on 31 July 1992 and that the ITU Secretary-General did not intend to propose any further payments under this regulation.

34. He invited the Commission to note that the ITU Administrative Council had invited the Commission, as a subsidiary organ of the United Nations General Assembly, to be represented in the meetings of ITU as part of the delegation of the United Nations, which had an observer status. In order for the Commission to be present at the ITU meetings in its own right, the ITU Convention would have to be changed. The Commission was also invited to participate in the tripartite consultative group, established by the ITU Administrative Council to study various issues pertaining to the Professional salary system.

Discussion by the Commission

35. The Commission noted that, although the decision to grant an SPA to ITU Professional and higher category staff had been taken before this matter was considered by the Commission and the General Assembly, it had been implemented after both those bodies had expressed their strong opposition to this measure.

36. It was noted that the ITU Administrative Council, in resolution R.1024, had accepted the view of the Commission, endorsed by the General Assembly, that the action taken by ITU in regard to special post allowances was incompatible with the common system, and had resolved that any further application of regulation 3.8(b) must be in strict conformity with the wording of that regulation and fully in line with the common system, and must not be in contravention of the views already expressed on this matter by the General Assembly and ICSC. This implied that the ITU Administrative Council had recognized that the ITU Secretary-General's decision on the granting of SPAs was not in conformity with the provisions of regulation 3.8(b). While that acknowledgement was welcome, the Commission considered that its correct and logical consequence would have been for the Council to take tangible steps to redress the situation by witholding the payment of the second instalment instead of allowing it to proceed. In the Commission's view, the second payment of SPA under Staff Regulation 3.8(b) was most unfortunate.

37. In that regard, it was also noted that, under ITU regulation 3.8(b), the Secretary-General was authorized to pay an SPA for a period not exceeding six months. However, the decision had been taken by the ITU Secretary-General in May 1991 to pay the SPA in two instalments of six months each. That was a further and deliberate deviation from ITU regulation 3.8(b), which in itself was inherently inconsistent with the fundamental rationale for the payment of SPAs.

38. The Commission next addressed the Assembly's request for proposals with respect measures to enforce and enhance respect for and adherence by all organizations to the common system of salaries etc. It considered that the most effective measure in this regard would be for the Commission to be invited to attend the meetings of the governing bodies of all organizations of the common system when proposals pertaining to salaries, allowances, benefits and other conditions of employment were discussed. The Commission recalled that it had made recommendations to the organizations along these lines in the past. The only way the Commission could be absolutely sure of being invited

to participate in these meetings, however, would be for the General Assembly to make such invitations a mandatory requirement for all organizations. The Commission acknowledged that this might necessitate changes in the constitutions of some organizations, but considered that, unless the Assembly insisted on such a course of action, similar problems could arise in future.

39. The Commission was of the view that serious discrepancies, similar to those between regulation 3.8(b) and the relevant provisions for the granting of SPAs in other organizations, should be identified with a view to introducing greater uniformity in the organizations' staff regulations. It recalled that this exercise had been initiated several years earlier under article 15 of its statute. In view of other priorities, and notably the comprehensive review of conditions of service of the Professional and higher categories, as well as the review of General Service pensionable remuneration and salary survey methodology, the matter had not been brought to completion. The Commission considered that, in the interests of promoting adherence to the common system, this exercise should be carried forward on a priority basis. It therefore requested its secretariat to identify serious discrepancies in the staff rules and regulations of common system organizations and to report thereon to the Commission at its summer session of 1993. The Commission trusted that it could count on the active cooperation of the organizations in this matter. On the basis of that report, the Commission would present appropriate recommendations to the General Assembly and the governing bodies of other organizations of the common system. Some members were of the view that, pending the completion of the above study, a recommendation should be made to the ITU Administrative Council to eliminate regulation 3.8(b).

40. The Commission welcomed the fact that the ITU Secretary-General had invited it to be represented at the ITU Administrative Council and to participate in the tripartite consultative group; this it considered would be beneficial to the maintenance and strengthening of the common system. As regards the proposal by ITU that ICSC should attend the meetings of the ITU Administrative Council as part of the United Nations delegation, the Commission felt that such participation would be inappropriate, since ICSC was a subsidiary organ of the General Assembly with its own identity and statute. It requested its Chairman to undertake the necessary consultations in order to clarify the participating status of the Commission.

41. The Commission noted that the tripartite consultative group established by the ITU Administrative Council, was to examine documents pertaining to various aspects of the Professional salary system, including recruitment and retention difficulties and the possibility of introducing special pay rates. It requested ITU to note that it had already initiated consideration of this matter, which would be pursued at its spring session of 1993.

42. The Commission considered that although the decision by the ITU Secretary-General in 1991 to grant SPAs under ITU Staff Regulation 3.8(b) constituted a breach of the common system, some progress was represented by the fact that ITU Administrative Council resolution 1024 acknowledged this to be the case. It expressed the hope that situations such as that currently under discussion would be avoided in future by close cooperation between itself and the organizations, including ITU.

Decisions of the Commission

43. The Commission:

(a) Reiterated its deep regret concerning the unilateral action by ITU which was contrary to the norms of the common system;

(b) Deplored the fact that not only had the first instalment of SPA under Staff Regulation 3.8(b) been paid, after the Commission and the General Assembly had expressed strong opposition to such action, but that it was now proposed to pay a second instalment;

(c) Reaffirmed that the unilateral action by ITU should not constitute a precedent;

(d) Urged the organizations, when confronting problems pertaining to issues falling under the Commission's mandate, to consult with the Commission in a timely manner, thereby ensuring that the norms of the common system were followed;

(e) Decided to undertake, on a priority basis, a study of the organizations' staff rules and regulations, under article 15 of its statute, with a view to identifying serious discrepancies and making appropriate recommendations to the General Assembly and to the governing bodies of other organizations;

(f) Recommended that the General Assembly should make it mandatory for all organizations to invite the Commission to be represented at meetings where proposals pertaining to salaries, allowances, benefits and other conditions of employment were discussed;

(g) Accepted with appreciation the invitation of ITU to participate in its meetings, pending further clarification of the participating status of the Commission.

CHAPTER III

PENSIONABLE REMUNERATION AND PENSION ENTITLEMENTS

A. Pensionable remuneration for the Professional and higher categories

1. Monitoring of pensionable remuneration

44. Under its mandate from the General Assembly as set forth in resolution 41/208, the Commission continued to monitor the pensionable remuneration of United Nations system staff in the Professional and higher categories and that of United States federal civil servants in comparable grades. The procedure proposed by the Commission to the General Assembly in 1990, and approved by the Assembly in resolution 45/242 of 21 December 1990, was used for calculating the consequent pensionable remuneration ratio for 1992. That ratio was 117.7 including adjustment for the cost-of-living differential between New York (the base of the common system) and Washington, D.C. (the base for the United States federal civil service). Without that adjustment, it was 130.1.

45. In accordance with the same resolution, income-replacement ratios applicable over the three-year period ending 31 December 1992 were calculated for both services. These were 55 and 57 for the common system and the comparator civil service respectively.

Views of the organizations

46. The Chairman of CCAQ took note of the pensionable remuneration ratios and the related income replacement ratios.

Views of the staff representatives

47. The President of FICSA and the representative of CCISUA took note of the pensionable remuneration ratios and related income-replacement ratios.

Discussion by the Commission

48. The Commission took note of the reported levels of the pensionable remuneration ratios and the average income replacement ratios in the United Nations system and the comparator civil service. It observed that the relationship between the pensionable remuneration ratios differed at the higher grades from that in the net remuneration margin; however, the net remuneration margin included some non-pensionable amounts for the comparator at higher grades which were excluded from calculation of the pensionable remuneration ratios.

Decisions of the Commission

49. The Commission decided to report to the General Assembly:

(a) Pensionable remuneration ratios for 1992 of 117.7 and 130.1, with and without adjustment for cost-of-living differences between New York and Washington;

(b) Average income replacement ratios of 55 per cent and 57 per cent for the common system and the comparator civil service, respectively.

50. Details of the relevant calculations are shown in annex II below.

2. Pension arrangements outside the United Nations Joint Staff Pension Fund for elected ungraded officials

51. The United Nations General Assembly, in resolution 45/242 of 21 December 1990, requested the Commission to review the methodology for the determination of the pensionable renumeration of ungraded officials, including executive heads of member organizations, who are participants in the United Nations Joint Staff Pension Fund (UNJSPF). The Commission recommended to the Assembly a methodology for determining and adjusting the pensionable remuneration for those ungraded officials. 5/ Its recommendations were endorsed by the General Assembly in resolution 46/192 of 20 December 1991.

52. In the same report, the Commission expressed the view that the governing bodies of the organizations should have the choice as to whether or not their elected officials should be in the Pension Fund. If the governing body of a member organization decided that its elected officials should not be participants in UNJSPF, the alternative pension arrangements would be for that governing body to determine; in such cases, it would "seem appropriate to take into account the terms of office of these officials and to establish some comparability in the pension arrangements applicable to such officials in the organizations that form part of the United Nations common system" (ICSC/36/CRP.9/Add.10, para. 2). In resolution 46/192, the General Assembly requested the Commission to recommend guidelines for determining pension arrangements, together with appropriate monitoring procedures, for ungraded officials not participating in the Fund with a view to ensuring system-wide comparability. Recommendations on the matter were to be submitted to the Assembly at its forty-seventh session and to the governing bodies of the other organizations of the United Nations common system.

53. The Administrative Committee on Coordination (ACC), at its October 1991 session, appointed a group of three former executive heads under decision 1991/20 to propose pension arrangements for elected ungraded officials outside the Pension Fund. The group was chaired by Mr. Francis Blanchard, former Director General of the International Labour Office (ILO), with the participation of the former Secretary-General of the International Telecommunication Union (ITU) and the Director General Emeritus of the International Atomic Energy Agency (IAEA).

54. In its report, which was made available to the Commission, the Group proposed that the basis for calculating retirement benefits should be the net remuneration applicable to the executive head of a major specialized agency at the base of the system, New York. Other organizations that had provided for net remuneration lower than this figure should base their provisions on these lower amounts. The Group concluded that the income replacement ratio should be 30, if the executive head completed only one term, and 40 after two terms. Governing Bodies could consider increasing the ratio up to a maximum of 50 per cent if the executive head were to serve three terms or more. These retirement arrangements should be contributory.

Views of the organizations

55. The representative of the International Fund for Agricultural Development (IFAD) strongly supported the proposals of the group of three former executive heads, as did four other organizations which had statutory limits on the terms of their executive heads, that is, the ILO, ITU, the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the United Nations Industrial Development Organization (UNIDO). Recent elections showed a clear trend towards such statutory limitations, but Pension Fund provisions were not designed for such situations. The Blanchard Group had looked at provisions for similar officials in a number of Member States, and felt that some comparable elected officials in the United Nations system were the Justices of the International Court of Justice (ICJ) and the United Nations Secretary-General. The Group had made recommendations for after-service benefits that reflected the traditional relativity between the net remuneration of the Secretary-General and that of the other executive heads. The representative of IFAD requested that any presentation of the various alternatives or proposals under review should also include the amounts relevant to the International Court of Justice and the United Nations Secretary-General. He also requested that, when guidelines were recommended for such ungraded officials, the Commission include the rationale for the amounts payable, as had been done by the Blanchard Group, so that all elements could be considered by the Governing Bodies of IFAD and other organizations.

Discussion by the Commission

56. In analysing General Assembly resolution 46/192, the Commission concluded that the Assembly wished to eliminate the divergent practices in respect of the pensionable remuneration of elected ungraded officials and to ensure that new divergences were not created in the future. Further analysis of the resolution indicated that the Assembly wished to ensure that pension arrangements outside the Pension Fund for elected ungraded officials were such that there would be system-wide comparability. The Commission was of the view that, in determining pension arrangements outside the Fund, some caution must be exercised. If such arrangements were more favourable than the benefit offered by the Fund, that would present the elected ungraded officials with a clear choice and eventually encourage them to leave the Fund. The Commission was also of the view that, as regards elected ungraded officials currently participating in the Pension Fund, the matter was now closed since the Assembly, by resolution 46/192, had endorsed the Commission's recommendations with regard to the pensionable remuneration of those officials. These officials could not therefore opt out of the Fund.

57. The Commission next addressed the issue of comparability in the pension arrangements for ungraded officials not participating in the Pension Fund. It recalled that, in submitting to the General Assembly its views on this matter, the Commission had used the term "comparability" in the context of pension benefits of elected ungraded officials of specialized agencies who would not be included in the Pension Fund. It had also intended that there should be some similarity between the pension benefits of this group of officials and those of similarly situated officials who were participants in the Pension Fund. Comparisons with the United Nations Secretary-General had been neither intended nor implied.

58. The Commission was of the view that comparability of pension benefits provided outside the Pension Fund to elected ungraded officials with those provided to similar officials in the Pension Fund did not necessarily mean that the benefits had to be identical or equal. As the elected ungraded officials who would be provided with a pension benefit outside the Pension Fund would, in general, have a limitation on their terms of office, this element must be taken into account in arriving at their pension benefits.

(a) Determination of pension benefits to be provided outside the Pension Fund

59. The Commission examined the pension benefits received after 5, 10 and 15 years of service by an official at the level of an executive head of a major specialized agency participating in the Pension Fund. In this regard it was noted that the net remuneration of an official at the level of an executive head of a major specialized agency in New York (for example, that of the UNDP Administrator) was fixed at $142,462 per annum. The pensionable remuneration for such an official resulting from the application of the methodology recommended by the Commission in 1991 amounted to $170,394. The Commission also examined the Blanchard Group proposal concerning pension benefits payable to an official at the same level after one, two or three terms. Two additional alternatives were considered. As in the case of the proposal from the Blanchard Group, the basis for calculating retirement benefits outside the Pension Fund under these two alternatives was also the net remuneration applicable to the elected ungraded officials in New York. A summary of the resulting pension benefits under Pension Fund provisions and under the various options is given in annex III below.

60. The Commission noted that the benefit amounts deriving from participation in the Pension Fund were $12,799, $27,689 and $44,728 after 5, 10 and 15 years of service, respectively, and the resulting income replacement ratios were 9, 19.4 and 31 respectively. Under the Blanchard Group's proposal, the corresponding benefit amounts were $42,739, $56,985 and $71,231 with income replacement ratios of 30, 40 and 50 after one, two or three terms respectively. Under the Pension Fund regulations, the annual contribution for the officials concerned would be $13,461 per annum, while under the Blanchard Group's proposal the contribution would be $11,254, that is, some 16 per cent lower. The Commission considered that, even allowing for a limitation on the term of office, the magnitude of the benefits payable under the Blanchard Group's proposals was not justified. It therefore concluded that those did not form an appropriate basis for developing the guidelines requested by the General Assembly.

61. The Commission then focused its attention on the two other alternatives (namely, alternatives I and II). Under alternative I the officials concerned were not expected to contribute towards their pension benefit, while under alternative II they would contribute 7.9 per cent of their net salary.

62. It was noted that the pension benefit amounts arising from participation in the Pension Fund were $12,799, $27,689 and $44,728, respectively, after 5, 10 and 15 years of service. Participants in the Pension Fund contributed one third of the total contributions to the Fund, the remaining two thirds being contributed by the employing organization. The benefit provided by the organization under the Pension Fund regulations would amount to $8,537, $18,469 and $29,834 for the contributory service periods mentioned above.

Under alternative I, the benefit amounts proposed were $21,369; $35,616 and $42,729 after one, two and three terms, respectively, and this benefit was proposed to be provided without cost to the official concerned, that is, the entire cost of the benefit would be borne by the organization. For actuarial purposes, therefore, the results accruing under this option should be compared against the benefit amounts paid by the organizations as indicated above. The income replacement ratios under this alternative were 15, 25 and 30, after one, two and three terms, respectively.

63. Under alternative II, the pension benefit provided to elected ungraded officials would amount to $28,492, $42,739 and $49,862, with corresponding income replacement ratios of 20, 30 and 35 after one, two or three terms of office, respectively. No precise comparison could be drawn between these amounts and those resulting from participation in the Pension Fund, because contribution amounts were different under the two systems. As may be noted from annex III below, the participant's annual contribution to the Pension Fund was $13,461, while that proposed under alternative II was $11,254. The benefits accruing from the application of alternative II were higher than those yielded by alternative I, but alternative II was contributory, whereas alternative I was not.

64. The Commission was also informed of the arrangements currently in effect for the Secretary-General of the International Civil Aviation Organization (ICAO). Under this approach, a level of pensionable remuneration would be established using the procedure recommended to the General Assembly by the Commission in its seventeenth annual report 6/ in conjunction with the salary of the incumbent at the New York post adjustment level. The pensionable remuneration thus determined would be adjusted periodically using the procedure recommended by the Commission. 7/ An amount equal to 15.8 per cent of pensionable remuneration (that is, corresponding to the organization's contribution to the Pension Fund) could be paid to elected ungraded officials as monthly supplements to their remuneration. Using this supplement, the officials concerned could purchase annuities from private sources, continue participation in a previous employer's retirement benefit scheme, continue participation in a national social security scheme, put the supplement in a separate retirement type of savings account or consider a combination of the above arrangements.

(b) Interim adjustment

65. If a retirement benefit for elected ungraded officials were provided outside the Pension Fund within the framework of either alternative I or II above, a periodic adjustment procedure would be required. The Commission believed that consideration might be given to adjusting the pensions of such officials in tandem with the pensionable remuneration amounts of elected ungraded officials participating in the Fund.

(c) Other considerations

66. The Commission observed that, if pension arrangements for elected ungraded officials were to be made outside the Pension Fund, a number of related issues would also need to be addressed. These include the effective date for the payment of the benefit (bearing in mind that there was no mandatory age of separation from service for these officials), the surviving

spouse's benefit etc. If an elected ungraded official entitled to a pension benefit outside the Pension Fund left the service of the organization after the mandatory retirement age, payment of the benefit could start immediately. If, however, such an official were to leave the service before reaching the mandatory age of retirement, the question of the effective date of payment of the retirement benefit would arise. The question also arose as to whether there should be a minimum age requirement (for example, 55 or 60 years of age) for payment of the benefit. If the benefit were paid before the recipient reached the age of 60 years, then should there be some reduction factor applied? In that connection, the Commission noted that, for participants in the Pension Fund with less than 25 years of service, a 6 per cent reduction factor was applied for each year below the age of 60 years.

67. With regard to the surviving spouse's benefit, under the Pension Fund's provisions, a surviving spouse is paid half of the normal pension of the participant. Similar arrangements could be considered for the officials for whom pension arrangements were made outside the Pension Fund.

68. The Commission concluded that it was for the General Assembly and the governing bodies of the other organizations of the common system to decide on specific arrangements regarding the above aspects.

Decisions of the Commission

69. The Commission decided to recommend the following guidelines to the General Assembly and the governing bodies of the other organizations of the common system, if it were decided that their elected ungraded officials should not be participants in the Pension Fund and that alternative pension benefit arrangements should therefore be instituted:

(a) These arrangements should be made in such a manner that there would be comparability among this group of officials and, at the same time, a measure of comparability between the pension benefits of these officials and those of similarly situated officials who were participants in the Pension Fund;

(b) In arriving at the pension arrangements for the above group of officials, consideration might be given to the following approaches:

(i) Addition of a certain percentage to the pension benefit of similarly situated officials participating in the Pension Fund (see alternatives I and II in annex III below);

(ii) Enabling the officials in question to make their own pension arrangements along the lines described in paragraph 64 above;

(c) If pension arrangements outside the Pension Fund were to be made within the framework of alternative (b) (i) above:

(i) The interim adjustment procedure described under paragraph 65 above could be considered for adjusting pension benefits in award;

(ii) The issues outlined under paragraphs 66 and 67 should be considered as an integral part of overall pension arrangements outside the Pension Fund.

B. Comprehensive review of the pensionable remuneration and consequent pensions of staff in the General Service and related categories

70. In its sixteenth annual report (1990) (ICSC/36/CRP.9/Add.12), the Commission had informed the General Assembly of its intention to undertake in 1991, as a priority issue, a comprehensive review of pensionable remuneration and consequent pensions for the General Service and related categories of staff (hereafter referred to as GS/PR). The modalities for the conduct of the review, to be carried out in close cooperation and consultation with the United Nations Joint Staff Pension Board (UNJSPB) were also reported to the Assembly. 8/

71. In its seventeenth annual report (1991), the Commission reported to the General Assembly that the matter would be dealt with on a step-by-step basis. Pending further study, the current methodology for determining GS/PR would continue to be used. In that connection the Commission recommended a revised staff assessment scale to be applied from 1 January 1992, along with the modalities for its introduction. The Commission also agreed that the secretariats of ICSC and UNJSPB would undertake a study of local pension practices. The two secretariats were also requested to collect data relevant to the introduction of the income replacement approach. Details of the Commission's consideration of this matter, carried out in cooperation with the Pension Board, are set forth in the Commission's seventeenth annual report. 9/

72. The General Assembly, in resolution 46/192, took note of the divergent views reflected in the respective reports of the Commission 10/ and the Board 11/ on the merits of the alternative methodologies examined as to whether the current methodology gave rise to inconsistencies and problems. It concurred with the conclusions of the Commission and the Board that further studies of possible alternative methodologies were required in order to determine the most equitable solution for all parties concerned. The Assembly also endorsed the proposed phased approach to the comprehensive review and the timetable for its completion. It requested the Commission and the Board in their further studies to take into account the views expressed in the Fifth Committee.

73. The Commission resumed consideration of this issue at its spring session in 1992, when it agreed to establish a Working Group comprising of three of its members, three nominated by the organizations and two each nominated by CCISUA and FICSA. The Commission approved the following terms of reference of the Working Group:

(a) The Working Group should bear in mind the relevant provisions of General Assembly resolution 46/192;

(b) In respect of a methodology that would determine General Service pensionable remuneration in relation to net base salary, the Working Group should review the following issues, taking into account the analyses contained in the documentation considered by the Commission and the Board to date, as well as the observations made in the relevant reports of the Commission and the Pension Board:

(i) Whether and, if so, how to exclude all or a portion of any non-pensionable components of net base salary;

(ii) Alternative procedures for deriving pensionable remuneration from the net pensionable salary as determined under subparagraph (i) above. In particular, the following should be examined:

a. Whether all or a portion of the net pensionable salary should be grossed up, assessing in relation thereto the rationale for and the implications of the various alternatives presented in the document examined by the Commission at its spring session in 1992;

b. The various approaches presented thus far for determining the appropriate "tax factor", namely, use of dollar-based staff assessment rates, use of local tax rates, use of the band approach, use of predetermined income-replacement ratios and use of outside gross salary data;

(iii) The interim adjustment procedure to be applied to determine changes in the pensionable remuneration between comprehensive reviews;

c. The Working Group should provide an assessment of the advantages and disadvantages of the various methodologies for determining and adjusting General Service pensionable remuneration, together with comparative illustrations of their results in respect of a cross-section of duty stations.

74. The Working Group's report was examined by the Pension Board and the Commission at their respective summer sessions in 1992. The Board and the Commission also had before them a report on the study of local pension practices carried out by the secretariats of ICSC and UNJSPB with the assistance of the consulting actuary of the Board. The Commission also had before it a document concerning pensionable remuneration and pensions submitted by FICSA. The views of the Board concerning this matter were also transmitted to the Commission. The documentation before the Commission and the Board dealt with two basic methodological approaches, namely:

(a) Determining General Service pensions in accordance with the practices of local employers used in the salary surveys;

(b) Relating General Service pensionable remuneration, and therefore consequent pensions, to the salaries received while in service, but including a "tax element" to take into account the fact that, on the outside, pensionable remuneration was almost invariably defined as the gross salary and that United Nations pensions, unlike salaries, were normally subject to taxation.

Views of the Pension Board

75. The Chairman of the Pension Board said that, as full details of the Board's deliberations would be reflected in its annual report for 1992, he would restrict himself to some of the important aspects of the Board's discussions on the two basic methodological approaches outlined above. With

regard to the "local" approach, the Board was generally of the view that, despite its inherent logic, as well as its consistency with the salary-setting methodology for General Service staff, this approach would be unworkable and costly. In that connection, the Board's Committee of Actuaries had stated that the "local" approach would be replete with difficulties, costly, and ultimately prove to be a futile exercise; it therefore strongly believed that consideration of this approach should be abandoned. While some members of the Board had not been fully convinced that a wholly "local" approach could not be pursued effectively, they were not inclined to press for that approach. The Board had concluded, therefore, that it would be preferable, at this stage, to pursue the second methodological approach of relating pensionable remuneration to salaries while in service. In that respect some members had advocated the gradual use of more local elements in determining General Service pensionable remuneration under this approach.

76. He also indicated that the Board's views differed on the desirability and implications of various aspects of the four steps involved in the second methodological approach of deriving pensionable remuneration of General Service staff from the net salary at each duty station.

77. The participants' representatives believed that, subject to some improvements in certain areas, the current methodology should be retained. Most representatives of the governing bodies took the position that the present arrangements had given rise to anomalies and inconsistencies which must be removed, of which the "income inversion" was considered the most serious (see also para. 88 below). Most representatives of the governing bodies and, in particular, the representatives of the General Assembly, believed that the income replacement approach would best address the "income inversion" phenomenon.

78. In an effort to provide a framework for resolving this impasse, the representatives of the executive heads had submitted a list of principles for the consideration of all parties (see views of the organizations under para. 81 below). They noted that, depending upon the procedure eventually chosen for grossing up, the "1-to-1" mechanism for interim adjustments and the use of a 66.25 per cent portion of pay to be grossed up might have to be revised.

79. The Chairman of the Board informed the Commission that, in an effort to find an acceptable solution, he had undertaken a series of meetings with the three constituent groups. Towards the end of the session, he had made a specific proposal to the three groups. This involved the following procedural steps, taking the net salary as the starting-point:

(a) If the income replacement approach were followed, the net pensionable salary would be 100 per cent of the net salary; if the income replacement approach were not accepted, the net pensionable salary should not be less than 90 per cent of the net salary, that is, the non-pensionable component deducted should not be greater than 10 per cent;

(b) 56.25 per cent of the net pensionable salary would be grossed up, based on the fact that the average length of contributory service of General Service staff was greater than that of Professional staff;

(c) For grossing-up purposes, currently applicable staff assessment rates would continue to be used until 1994, at which time a decision would be taken on the approach to be followed, that is, whether to continue to use separate General Service staff assessment, updated as appropriate; to apply the same staff assessment rates for General Service and Professional staff; to use local taxes for grossing-up purposes; or to use the "band approach";

(d) The interim adjustment procedures for pensionable remuneration between comprehensive salary surveys would be on a 1-to-1 basis, that is, the percentage increase in the gross salary and hence in pensionable remuneration would be the same as the increase in the net salary, so as to establish stability in the gross-to-net salary relationships between comprehensive salary surveys; and

(e) The level of pensionable remuneration would never be less than the net salary.

An analysis of the impact of the Chairman's proposal would have had on the General Service pensionable remuneration levels, in comparison with those of Professional staff with the same net remuneration, is annexed to the Board's annual report to the General Assembly.

80. The Chairman of the Board indicated that, while the administration and governing body representatives would have been prepared to accept his proposal in the context of a consensus, the participants' representatives were not in a position to join a consensus on this basis. At the request of the Chairman, the three groups presented statements on their respective positions which are reproduced in the Board's annual report to the General Assembly.

Views of the organizations

81. The Chairman of CCAQ recalled the organizations' view that the current methodology for determining GS pensionable remuneration was not fully satisfactory. As to alternatives, the local practice approach had, as CCAQ had predicted, proved inconclusive: CCAQ was, moreover, concerned about the cost implications and administrative complexity of updating PR levels under this approach. The only feature of the study worth retaining was that it dispelled concerns that United Nations pensions were too high in relation to local conditions. CCAQ associated itself with the statement by the representatives of the executive heads at the Pension Board, and confirmed the thrust of the principles put forward by them, namely:

(a) General Service staff should continue to be part of the Fund;

(b) All regular elements of salary should be pensionable;

(c) Pensionable remuneration should never be less than net salary;

(d) Existing minima should be maintained, as adjusted, in pensions;

(e) There should be movement towards a local approach, but the totally local approach was rejected.

82. CCAQ would examine the other alternatives before the Commission in the light of those principles and in a spirit of openness, the goal being to achieve the most satisfactory methodology.

Views of the staff representatives

83. The President of FICSA restated the Federation's doubts about the need for a comprehensive review of GS/PR; FICSA considered that, by and large, the current system was functioning correctly. All that was needed were some adjustments to address currency-related problems and the issue of minimum pensions. The phenomenon of income inversion, adduced as a reason for the review, might shortly disappear as a result of the introduction of the revised staff assessment scale and of the new adjustment system for the initial local currency pension of Professional staff. Imposing on General Service staff the PR methodology used for Professional staff (that is, income replacement) would solve no problems and would create new ones, as was shown in the document submitted by FICSA. The application of income replacement rates derived from the partial grossing up of net salary and based on an arbitrarily selected length of service was clearly designed to reduce the PR and consequent pensions of GS staff. The elimination of certain elements of net remuneration for grossing-up purposes was totally unacceptable and unjustified by outside practice, including that of the comparator. Those elements sometimes played a key role in determining whether a decent pension would be received. The purpose of the pension scheme, as stated by the 1958 Expert Group on Pensionable Remuneration, was to guarantee to participants reaching the age of retirement a benefit on which they may support themselves under conditions not too markedly different from those enjoyed during their closing years of service (ACC/PR/28, para. 26). FICSA felt strongly that the data used to study a matter of such importance had to be selected with the utmost care and objectivity. The data provided in the Working Group's document, however, appeared purpose-built to achieve a substantial reduction of the pensionable remuneration and consequent pensions of General Service staff. FICSA would oppose any attempt to use that study for an arbitrary reduction of GS/PR. Thus far, the United Nations system had guaranteed the necessary stability in the GS pension scheme and it would be inexcusable if this were endangered by short-sighted political decisions.

84. The representative of CCISUA reaffirmed that the existing system, which had by and large withstood the test of time, should be maintained. None of the proposed alternatives appeared to provide a viable substitute at the current stage. CCISUA continued to think that the local practise approach was unacceptable, even though the actuarial evaluation study had shown that, in many duty stations, local pensions were higher than those paid to common system retirees. CCISUA viewed the band approach with interest, as it would eliminate the problem of currency fluctuations and lend stability to the system. However, the system needed further refinement.

85. CCISUA could not accept the income replacement approach for the following reasons. First, it was a system that could not be found outside the United Nations; in almost all countries, the basis for calculating pensionable remuneration was gross salary. Secondly, to use only a part of net remuneration for grossing-up purposes on the basis of a certain number of cases was arbitrary and could overcompensate staff with fewer years of service, while penalizing those with more years of service. Lastly, it would

not eliminate the "anomalies" identified in the current system, including the destabilizing impact of currency fluctuations and the income inversion phenomenon. Unless the same staff assessment scale and interim adjustments were used for both categories, the perceived problem of income inversion would not be solved.

Discussion by the Commission

86. The Commission noted that, as regards the very concept of what pension benefits should represent, the 1958 Expert Group on Pensionable Remuneration had expressed the view that it should be such that retirees support themselves under conditions not too markedly different from those enjoyed during their closing years of service. The concept was not further defined and, in a sense, it was left open-ended (ACC/PR/28, para. 26).

87. The Commission was of the view that it was difficult, if not altogether impossible, to assess the current methodology in the absence of clearly defined objectives against which a comparison of pension benefits could be carried out. With a view to assessing the appropriateness of the level of the pension benefit produced by the current arrangements, the Commission had undertaken a study of local pension benefits provided by outside employers. In this regard it recalled that, in 1991, several members had questioned the appropriateness of a system in which salaries of the General Service staff were based on best prevailing conditions of employment in the local labour markets, while their pension benefits had never been compared with those provided by the comparators used in the salary surveys. The Commission noted that, while some broad conclusions could be drawn as to whether pensions provided by outside employers were higher or lower than those of common system staff, precise comparisons leading to conclusions were not possible. In this regard the Commission also took note of the views of the Committee of Actuaries of the Pension Board. It agreed that the local practice approach should not be further pursued.

88. The Commission then focused its attention on methodologies which related GS/PR to salaries received while in service. It noted that, while there were a number of problems relating to currency fluctuations in the context of grossing-up procedures, the most serious anomaly was that of income inversion. That related to situations where the same or lower net remuneration received by General Service staff led to a pensionable remuneration higher than that of a Professional staff member with the same or higher net remuneration. That situation arose because the tax element added to the net remuneration of a General Service staff member was significantly higher than for a Professional staff member with the same or higher net remuneration. While income inversion was considered to be the most serious anomaly of the current system, it was also noted that, in analysing its causes, references were made to taxes on salaries and not on pensions. As a result, retirees from the common system who were exempted from paying taxes on their pensions, received the same level of pension benefits as those who were obliged to pay taxes.

89. The Commission recalled that, until 1960, pensionable remuneration had been equal to net remuneration. It was on the recommendation of the 1960 Pension Review Group (PRG) that the General Assembly had agreed to a system which eventually led to pensionable remuneration being determined on the basis

of gross salary. As part of its consideration of this matter, the PRG had concluded that "it would be neither possible nor desirable to adopt a gross basis for part of the staff while retaining a net basis for others. Equally, we think it would be impracticable to use different rates of "grossing-up" for General Service scale at the different offices ... If, therefore, gross scales are to be used at all, then the rates of grossing up should, in our view, be the same for each given salary level for all staff at all offices". 12/ Bearing in mind this rationale for the addition of the tax element, the Commission concluded that the current anomalous situation must be redressed.

90. In order to focus more precisely on the causes of the income inversion phenomenon, the Commission examined the respective methodologies used to determine the pensionable remuneration amounts of the General Service and of the Professional and higher categories of staff. It noted that the staff assessment scales used to account for the tax factor for the two categories of staff were based on taxes applicable in different groups of countries and were determined using different procedures. They, therefore, produced significantly different rates. The gross salaries, and thus the pensionable remuneration of the General Service staff, were derived from net salaries by the reverse application of a dollar-based staff assessment scale using income tax rates at the seven headquarters locations and certain other major duty stations. For Professional staff, the universal scale of pensionable remuneration was derived from net remuneration in New York by adding the tax element to a part of the net remuneration. The scales currently in effect for the two categories of staff are shown in annex IV below.

91. The Commission noted that the procedures used for adjusting the pensionable remuneration of the two categories were also significantly different. For the General Service staff, between surveys of best prevailing conditions of employment, net salaries at a particular locality were increased when the index used for adjusting salaries between surveys reached the required threshold. The resulting net salaries were grossed up as indicated in paragraph 90 above. Under the interim adjustment procedure for the pensionable remuneration of Professional staff, the global scale of pensionable remuneration was adjusted on the same date and by the same percentage as net remuneration increases, that is, the staff assessment (tax) factor was not involved.

92. The Commission noted that the above three factors, namely, the different rates of staff assessment, the existence of two significantly different methodologies and the different interim adjustment procedures for the two categories of staff had contributed, in that order, to the income inversion phenomenon. Consequently, if the income inversion problem were to be addressed, attention would have to be focused on those three elements.

93. Bearing in mind the above, the Commission concluded that an approach whereby a part of the salary was used for grossing-up purposes should be considered for the General Service staff. In conjunction with that approach, the use of the same or very similar staff assessment formulae should be examined for the two categories of staff. Finally, the interim adjustment procedure for the General Service staff should be aligned with that used for the Professional and higher categories.

94. The Commission recalled that, for Professional staff, 46.25 per cent of net remuneration, corresponding to 25 years of contributory service, was used to derive gross salaries from net. The rationale for that approach, explained in detail in the Commission's annual report to the General Assembly for 1986, 13/ was based on an average length of service of some 18 years for the Professional and higher categories of staff. The average length of service applicable to the General Service and related categories of staff was between 22 and 23 years. Of the 1,438 General Service staff members who retired between 1989 and 1991, approximately 13.2 per cent had more than 30 years of service, while the remaining 87 per cent had less than 30 years of service. In view of this, the Commission considered that it would be justifiable to take into account 56.25 per cent of net salary, corresponding to 30 years of service, for this category. Some members of the Commission expressed the view that 66.25 per cent of net salary, corresponding to a maximum of 35 years of service, could also be justifiably taken into account for grossing-up purposes.

95. As regards specific grossing-up procedures, the Commission agreed that its secretariat, in cooperation with the secretariat of UNJSPB, should develop a single scale of staff assessment for use in deriving pensionable remuneration from net remuneration for all categories of staff. The results of this study should be presented to the Commission in 1993 at its spring session. The Commission also agreed that, along with the above data, the two secretariats should present the information collected to date on the band approach and local taxes. It was noted that, unless the band approach were also used to gross up net remuneration of Professional staff, the problem of income inversion would continue. It was also noted that, in view of the need to maintain a universal scale of pensionable remuneration, the local tax approach could not be used for the Professional and higher categories and consequently the income inversion problem would continue to exist.

96. The Commission noted that under the current system, certain elements of salary, such as subsidized meals, transportation subsidies, legislated housing assistance, low-interest loans, discounted company products etc. provided by the surveyed employers were added together to arrive at a non-pensionable component of net salary. For headquarters locations, the threshold for establishing that component was 10 per cent of total net remuneration. For example, at a headquarters location, where the elements considered to be "non-pensionable" by the outside employers amounted to 15 per cent of the net salary, the pensionable remuneration would be based on 95 per cent of the net salary, while 10 per cent of the non-pensionable elements would be considered as pensionable. There was no established minimum for the non-pensionable component. For non-headquarters duty stations, the threshold was 15 per cent of total net remuneration, which resulted in a minimum of 5 per cent of a non-pensionable component. A ceiling for the non-pensionable component equal to 25 per cent of net salary applied in the case of all duty stations. The Commission further noted that, while a precise determination of what could be deemed to be non-pensionable at headquarters locations was possible, this was not the case at non-headquarters locations. Consequently, at those locations, in general, all non-taxable elements of salary were considered to be non-pensionable. The Commission also noted that, at some duty stations, the non-pensionable elements amounted to a significant portion of net salaries and, as a result, in some of those cases the gross salary (pensionable remuneration) was lower than net salary. It considered that this was also an anomaly in the current system, and a detailed study of this matter was therefore essential.

97. The Commission also considered that, if a change were made to determine General Service pensionable remuneration using the income replacement approach, it would seem logical to take into account all regular elements of salary. This matter should be addressed on the basis of a study to be undertaken by the secretariats of ICSC and UNJSPB for presentation to the Commission in 1993 at its spring session.

98. The Commission next addressed the question of the date of implementation of its decisions and recommendations. In that regard, it noted that its examination of the various alternatives relating to grossing-up procedures would be completed by its summer session of 1993 and recommendations thereon could be submitted to the General Assembly at its forty-eighth session in 1993. Following the approval of those recommendations by the Assembly, the revised grossing-up procedure could be implemented with effect from 1 January 1994. The Commission noted that its examination of the treatment of the non-pensionable component would also be completed by its summer session of 1993; its decisions on this matter could be used in conjunction with the revised methodology and grossing-up procedure from 1 January 1994.

Decisions of the Commission

99. The Commission decided that:

(a) Methodology for determining the pensionable remuneration for the General Service and related categories of staff

At the time of a comprehensive salary survey, 56.25 per cent of net salaries at each grade and step should be used in conjunction with the current staff assessment scale for the General Service and related categories of staff to derive pensionable remuneration from net salary. In this regard the Commission agreed that, following the introduction of this procedure, the resulting pensionable remuneration should not be lower than net remuneration. Should that occur, net remuneration would be used as pensionable remuneration.

(b) Grossing-up procedures

The secretariats of ICSC and UNJSPB should develop a single scale of staff assessment rates for presentation to the Commission in 1993 at its spring session, along with the data collected to date on the band approach and the local taxes approach. Following its examination of that information, the Commission would make its final recommendation concerning the grossing-up procedure to the General Assembly at its forty-eighth session.

(c) Interim adjustment procedure

Between comprehensive salary surveys, the scale of pensionable remuneration in local currency terms for the General Service and related categories of staff would be increased on the same date and by the same percentage as the increase in net salaries.

(d) Non-pensionable component

The secretariats of ICSC and UNJSPB should carry out the study on the non-pensionable elements of salary referred to in paragraph 97 above and should present their findings to the Commission in 1993 at its spring session.

(e) Transitional measures

The Commission agreed that, if the pensionable remuneration scale in local currency terms resulting from the application of the procedure in (a) above were to be equal to or higher than that in effect, the revised scale would be used. If, however, the revised scale were lower than the scale in effect, then the latter would continue to be used until the interim adjustment procedure described in (c) above produced a scale higher than the one which had been in effect on the date of application of the revised methodology (see (a) above).

Implementation date

100. Bearing in mind the considerations outlined under paragraph 98 above, the Commission considered that its decision and recommendations, as appropriate, under paragraph 99, should be applied by all organizations, and for all duty stations, from 1 January 1994. The revised methodology for determining the pensionable remuneration for the General Service and related categories under paragraph 99 (a) should be used on the occasion of all comprehensive surveys carried out on or after 1 January 1994. On an exceptional basis, however, revised scales of pensionable remuneration for the General Service and related categories of staff should be determined for all duty stations on 1 January 1994 using the procedures outlined under paragraph 99 (a). The resulting scales should be implemented with effect from the same date, subject to transitional measures under paragraph 99 (e).

CHAPTER IV

CONDITIONS OF SERVICE OF THE PROFESSIONAL AND HIGHER CATEGORIES

A. Evolution of the margin between the net remuneration of the United States Federal Civil Service and that of the United Nations system

101. In accordance with its standing mandate from the General Assembly, the Commission continued to monitor the net remuneration margin between officials in comparable positions of the United States Federal Civil Service and the United Nations system. The application of the margin calculation methodology recommended by the Commission in its 1989 annual report 14/ and endorsed by the General Assembly in resolution 44/198, resulted in a margin for the 1992 calendar year of 117.6. The United States/United Nations grade equivalencies used in the calculation of the margin were those established by the 1990-1991 grade equivalency study, as approved by the Commission at its thirty-fourth session.

Views of the organizations

102. The Chairman of CCAQ took note of the level of the net remuneration margin for the calendar year 1992.

Views of the staff representatives

103. The President of FICSA and the representative of CCISUA took note of the net remuneration margin of 117.6 for the calendar year 1992.

Discussion by the Commission

104. The Commission noted that the margin reflected a 4.2 per cent across-the-board increase in the United States federal civil service General Schedule and related statutory pay schedules and a 3.5 per cent increase for the Senior Executive Service (SES). Both of those increases had taken effect on 1 January 1992. On the United Nations side, the remuneration reflected a post adjustment multiplier of 53.6 for January and February 1992, used in conjunction with the base/floor salary scale in effect until the end of February 1992. In that connection, it is recalled that the General Assembly approved a revised base/floor salary scale incorporating 6 multiplier points of post adjustment which went into effect on 1 March 1992. That scale was implemented on a "no loss no gain" basis; thus, in conjunction with its introduction, the multiplier for New York was reduced to 45. On the basis of inflation data to hand, multiplier 51.6 is expected to go into effect for New York as of 1 November 1992. The remuneration for the last two months of the year was therefore determined on the basis of multiplier 51.6.

105. In reviewing the details of the net remuneration margin calculations, the Commission noted that the margin at individual common system grades varied considerably, with significantly wider margin levels at lower grades, particularly at P-1 and P-2, than at the D-1 and D-2 grades.

106. The Commission recalled that, in resolution 44/198, the General Assembly had requested it to monitor the annual net remuneration margin over the five-year period starting in 1990. The Assembly had also requested an interim report at its forty-seventh session on the margin for the period 1990-1991. The Commission noted in this regard that the margin figures for the period 1990-1992 were as follows:

1990 - 116.8
1991 - 118.9
1992 - 117.6

Accordingly the average margin for 1990-1992 was 117.8.

107. The Commission recalled that the General Assembly had decided, "without prejudice to previous decisions on the averaging of the margin around the mid-point over a five-year period, that any post adjustment increase in New York which may become due until 1994 may be implemented to the extent that it is compatible with the upper limit of the margin" (by resolution 46/191, sect. IV).

Decision of the Commission

108. The Commission decided to report to the Assembly that:

(a) The net remuneration margin for the calendar year 1992 was 117.6;

(b) The average margin for the period 1990-1992 was 117.8;

(c) In view of the above, no action was necessary at the current stage in the management of the margin over the five year period 1990-1994.

Details of the margin calculations are provided in annex V below.

B. Base/floor salary scale

109. The concept of a base/floor salary scale was introduced, with effect from 1 July 1990, by the General Assembly in resolution 44/198, which provided for "the establishment of a floor net salary level for staff in the Professional and higher categories by reference to the corresponding base net salary levels of officials in comparable positions serving at the base city of the comparator civil service". The base/floor system was designed not only to provide a minimum level of remuneration for United Nations system staff but also to serve as the reference point for calculating certain separation payments and the mobility and hardship allowance. It was subsequently revised on 1 March 1991 (based on a comparison with United States Federal Civil Service General Schedule salary rates for calendar year 1990) and on 1 March 1992 (based on a comparison for the calendar year 1991). Analysis for the calendar year 1992 showed that United Nations remuneration at the P-4/step VI level was $46,946; the equivalent comparator amount was $50,188, that is, a 6.9 per cent difference. The Commission was informed that, in order to bring the common system base/floor salary scale in line with the comparator's scale, an adjustment to the common system scale of 6.9 per cent would be necessary.

Views of the organizations

110. The Chairman of CCAQ said that, in accordance with the position strongly held by ACC, CCAQ fully supported the proposal for an adjustment of 6.9 per cent in the base/floor salary scale, with effect from 1 March 1993. He reiterated the importance which CCAQ attached to the regular annual updating of the base/floor scale.

Views of staff representatives

111. The representative of FICSA took note of the proposed increase in the base/floor salary scale and observed that the Commission was recommending that the General Assembly should finally remove the shortfall betweem the United States and the United Nations salaries; however, this was not scheduled until 1 March 1993, by which time a new shortfall in levels would have been established owing to an increase on the United States side on 1 January 1993. That situation should be corrected by the General Assembly. If, under the biennial approach, no action on the base/floor scale were taken in 1993, the shortfall would be doubled and last twice as long. This situation was unacceptable and should be rectified either by a standard annual adjustment procedure or through the application of projected increases by the United States side in odd years.

112. The representative of CCISUA noted that the Commission would be asking the General Assembly for an exception to the biennialization of its work programme for this item. He considered that the proposal for a 6.9 per cent increase was fully justified. The Commission should remind the Assembly that the base/floor scale had been behind the salary levels of the comparator service since its introduction and that only a full adjustment of 6.9 per cent would remove that shortfall. Even with the full 6.9 per cent increase there would still be a lag between the United Nations system base/floor scale and that of the comparator, since the United Nations base/floor scale reflected the comparator's salary levels of the previous year.

Discussion by the Commission

113. The Commission recalled that it had reviewed the base/floor salary levels in 1990 and 1991 and made recommendations to the General Assembly, following which the Assembly had revised the level of base/floor salaries effective 1 March 1991 and 1 March 1992 respectively. The changes recommended and approved were as follows:

(Percentage)

Year	ICSC Recommendation	General Assembly approval
1991	8.5	5.0
1992	8.6	6.0

114. The Commission noted that the proposal to increase the base/floor scale by 6.9 per cent (through consolidation of post adjustment classes) reflected the movement of United States Federal Civil Service salaries (4.2 per cent increase effective January 1992) and a residual shortfall, of some 2.7 per cent. It noted that the shortfall, which had existed in the scale since its introduction in July 1990, had remained as a result of the Assembly's approval of adjustments lower than those recommended by the Commission. The Commission considered that there was no technical justification for maintaining this shortfall.

115. The Commission noted that, if the base/floor salary scale were adjusted by 6.9 per cent, staff at duty stations with post adjustment multipliers below 6.9 on the date the revised scale was introduced would receive an increase in their net remuneration. As the mobility and hardship allowance and certain separation payments (repatriation grant, termination indemnities and death grant) were calculated against the base/floor salary scale, a concomitant increase in those emoluments would also be generated.

116. The Commission further noted that, as reported in paragraph 28 above, it had decided to recommend to the General Assembly that an exception be made to the Assembly's decision concerning the biennialization of the programme of work of the Fifth Committee so that this item could be considered on an annual basis.

Financial implications

117. The Commission noted that the annual financial implications of increasing the base/floor salary scale by 6.9 per cent were estimated as follows:

(i)	Countries with post adjustment classification below multiplier 6.9	$116,000
(ii)	Mobility and hardship allowance	$3,512,000
(iii)	Separation payments	$649,000
	TOTAL	$4,277,000

Since it was proposed that the revised base/floor scale be implemented from 1 March 1993, the financial implications for the 10 months of 1993 were estimated at $3,564,000.

Decision of the Commission

118. The Commission decided to recommend to the General Assembly that the current base/floor salary scale should be increased by 6.9 per cent through consolidation of post adjustment classes, with effect from 1 March 1993. The resulting base/floor salary scale and associated staff assessment scale, for use in conjuction with gross base salaries for staff members without primary dependants, are shown in annex VI below.

C. Operation of the rental subsidy scheme

119. In response to a request by the General Assembly in resolution 45/241, the Commission undertook a review of the operation of the rental subsidy scheme at headquarters duty stations during the period 1983-1991. The Assembly request called for a review of proposals made by the Commission in 1990 to replace the regressive reimbursement formula and to dispense with a predefined time-limit for receipt of subsidy benefit. In its review, the Commission was requested to take into account views expressed by Member States in the Fifth Committee on the need to improve the rental subsidy scheme without losing sight of its purpose, that is, to facilitate the resettlement of new staff members and encourage mobility within the United Nations system.

120. The review included consideration of proposals for discontinuing the regressive formula and the time-limitation on benefits, as well as a review of eligibility provisions.

Views of the organizations

121. The Chairman of CCAQ noted that the recommendations before the Commission closely resembled those made in its annual report for 1990. 15/ They were based on the proposals of a working group in which CCAQ had participated. In 1990, CCAQ had endorsed the proposals to revise the rental subsidy scheme and it continued to support their thrust. He stressed that the modest costs of the rental subsidy scheme had been accompanied by savings in the post adjustment system. CCAQ strongly supported the proposal to replace the current regressive reimbursement formula at headquarters duty stations by a uniform 80 per cent. The seven-year limitation period was a useful control and should be retained for the present. As regards the review of the eligibility criteria, the organizations did not favour the extension of the current time-limit on the payment of rental subsidies to allow for changes in family size. The proposals concerning housing standards and security might, in the absence of agreed standards, lead to administrative difficulties. CCAQ agreed with the intent to widen the provisions for *force majeure*, which would enable staff to receive a rental subsidy in cases where unreasonable rent increases resulted in rent-to-income ratios exceeding the threshold levels.

Views of the staff representatives

122. The President of FICSA indicated that, when the rental subsidy scheme for headquarters duty stations had been introduced as a temporary measure in 1983, FICSA had opposed it, because the general belief was that the need for such a scheme was caused by inadequate salary levels. FICSA realized that, with the refusal of the Fifth Committee and the Commission to address that issue, the rental subsidy scheme probably represented the best option. Although the scheme had a basic flaw in that it created two groups in the same category of staff, FICSA was willing to contribute towards improving the current scheme. FICSA believed that the rental subsidy scheme should be modified to eliminate the predetermined time-limits and that the reimbursement level should be a constant 80 per cent of costs above the established threshold. No specific time-limit would be required if rent-to-income ratios were used to determine when the subsidy was payable. As regards the proposals for revised eligibility conditions, FICSA believed that the rental subsidy scheme should be extended to staff whose family situation changed, whose housing had become

substandard and especially to staff who had to change accommodation as a result of deterioration of security. FICSA also supported a liberalization of the force majeure provisions in cases where staff members were subjected to unreasonable rent increases owing to factors beyond their control.

123. The representative of CCISUA noted that the operation of the expanded rental subsidy scheme was closely related to the treatment of housing in the post adjustment system. She considered that the rental subsidy scheme was a substitute for increases in post adjustment that might otherwise be triggered by the housing element of the post adjustment index, and that there were certain inconsistencies in the measurement of housing in post adjustment. Recent reviews by the Commission, ACPAQ and the Working Group on Housing had not necessarily resolved outstanding issues and had, in some instances, resulted in conflicting recommendations. She proposed that the Commission establish a technical working group to address this highly complex issue. With regard to the specific questions on the operation of the rental subsidy scheme, CCISUA considered that fears expressed in the Fifth Committee about the spiralling costs of the subsidy were largely unfounded. CCISUA supported the recommendations for extension of the 80 per cent reimbursement of costs above the threshold until the rent/income ratio reached the level of the threshold. As to eligibility criteria, CCISUA regretted the approach taken by CCAQ on some of the proposals, in particular on the issue of family size. CCISUA submitted that a more flexible approach in that regard was a matter of equity and hoped that, in considering this item, the Commission would take into account the more general question of the measurement of housing in post adjustment in order to discharge fully the mandate given to it by the General Assembly.

Discussion by the Commission

(a) Beneficiaries

124. The Commission noted that approximately 17 per cent of Professional and higher-level staff benefited from the rental subsidy scheme. The main beneficiaries appeared to be staff in the lower Professional grades. It was also observed that the headquarters scheme was used more heavily by field-oriented organizations that had structured rotation policies.

(b) Revised reimbursement formula proposals

125. Members noted that the Commission's proposal for replacement of the regressive reimbursement formula by a flat 80 per cent reimbursement arrangement without a predefined time-limit had been considered by the General Assembly in 1990. The 1990 proposals had been made in the wake of the 1989 comprehensive review of conditions of service of the Professional and higher categories. While conditions in 1990 had led ICSC to recommend changes in the rental subsidy scheme, members felt that conditions had since evolved so that the original proposals no longer appeared desirable. In particular, consideration of the Assembly's guidance not to lose sight of the purpose of the rental subsidy scheme (that is, to facilitate the resettlement of new staff members and encourage mobility within the common system) led members to believe that an appropriate balance already existed between that objective and the need to assist staff members facing rent-to-income ratios above the average.

(c) Controls

126. The Commission reviewed the operation of rental thresholds, maximum reasonable rents and the 40 per cent rent limit on subsidies as the basic controls adopted for the headquarters subsidy scheme in 1983. It was noted that the maximum reasonable rent levels for the largest-size accommodations were relatively high, reflecting as they did market rents and rents charged to recent arrivals at duty stations. Those control levels were, however, adjusted infrequently and staff whose rents exceeded those levels were required to cover 100 per cent of excess costs, thereby precluding any abuse of the scheme through selection of unnecessarily expensive accommodation.

(d) Costs and benefits

127. Members were informed that the direct costs of the scheme had been relatively modest, as had been originally anticipated before its introduction. Those direct costs approximated 1 per cent of overall net remuneration costs (base salary plus post adjustment) for Professional and higher category staff at the three major duty stations (New York, Geneva and Vienna). The cost amounted to between 6 per cent and 7 per cent of the gross rents faced by staff on subsidies and was accompanied at each duty station by lower overall levels of post adjustment for all staff than would have prevailed without the scheme. Some members also noted that the scheme had allowed organizations to recruit staff without significant additional cost.

(e) Eligibility

128. The Commission considered proposals for a revision of the conditions to govern eligibility for rental subsidy payments. The four proposed changes (family size, security, substandard accommodation and *force majeure* situations) were identical to the Commission's proposals to the General Assembly in 1990. With regard to the proposal to modify eligibility conditions based upon a change in family size, the Commission noted that most organizations did not favour an extension of the rental subsidy scheme when staff changed their family situation during the initial eligibility period. Some members noted that the application of revised arrangements as regards security and standards might pose practical administrative difficulties. With regard to the proposal to widen the scope of *force majeure* provisions to include cases where unreasonable rent increases resulted in a rent-to-income ratio above threshold levels, members noted that this would primarily affect staff members who had resided in the duty station for an extended period of time. Those members considered that this proposal was not in line with the purpose of the rental subsidy scheme, which was to facilitate the resettlement of new staff members and encourage mobility within the United Nations system.

129. Some members noted that a separate review was required to improve the measurement of housing in the remuneration package. They urged that this issue be taken up by ACPAQ before the next round of surveys to provide further guidance and clarification. Other members noted that, at the time of the comprehensive review, they had recommended the separation of the housing component from post adjustment. They recalled that this proposal had not been accepted at the time; subsequent difficulties with the housing question should be seen in that perspective.

Decisions of the Commission

130. The Commission decided to report the following conclusions to the General Assembly:

(a) The headquarters rental subsidy scheme had focused resources on the lower-graded staff in the Professional and higher categories;

(b) The scheme had been of particular benefit to the field-oriented organizations in facilitating rotation between the field and headquarters;

(c) The threshold and maximum reasonable rent controls had served to ensure that the scheme operated with due regard to the need for efficient use of resources;

(d) The direct costs of the scheme had been modest and the benefits for affected staff and organizations appeared to have fully justified the operation of the scheme;

(e) The seven-year limitation period for payment of housing subsidy at headquarters duty stations and the related regressive reimbursement formula (80, 60, 40 and 20 per cent) should be maintained as necessary controls in the housing subsidy system;

(f) The existing eligibility conditions for rental subsidy payments at headquarters duty stations should be maintained unchanged.

D. Procedure for the determination of the cost-of-living differential between New York and Washington, D.C.

131. As the Commission informed the General Assembly in its annual report for 1991, ACPAQ had identified certain technical problems with the methodology for measuring the cost-of-living differential between New York and Washington, D.C. used in net remuneration margin calculations. Those problems stemmed directly from the introduction of certain changes in the cost-of-living survey methodology adopted as part of the comprehensive review. The current methodology featured an out-of-area component which was relevant to expatriate staff, but had very little if any relationship to cost-of-living differences between two United States cities. The Commission noted that the housing component was currently based on the characteristics/expenditure patterns of 31 common system staff in Washington, D.C. It considered that to be a shortcoming of the existing methodology. The Commission had therefore decided to request its secretariat to study the issue further with a view to clarifying outstanding technical issues, including the measurement of the housing component. 16/

132. At its spring session in 1992, the Commission was informed that a consultant (the Runzheimer Company) had been retained to develop the cost-of-living differential methodology. It was provided with a description of the design of the methodology developed by the consultant which was proposed for application in calculating the differential. At its summer session in 1992, the Commission reviewed the proposed methodology, which had the following characteristics:

(a) It related to domestic (not expatriate) expenditure patterns reflective of United States federal civil service staff, whose salaries in Washington were being adjusted for the cost-of-living difference between Washington and New York in the context of net remuneration margin calculations;

(b) It provided a measurement of housing related to nearly 1,000 observations in Washington and over 1,300 observations in New York;

(c) It reflected external data independent of any common system bias, for example, the "circularity syndrome", that is, measuring housing costs of staff to determine appropriate remuneration levels;

(d) It represented a recognition of recruitment and retention issues under the Noblemaire principle.

Views of the organizations

133. CCAQ noted that the consultant retained by the secretariat was a recognized expert in the subject who had been commissioned by a number of United States government agencies to carry out similar studies. The current methodology was a convenient - but imperfect - substitute for a proper measure of the cost-of-living difference between Washington and New York. Since margin management was central to the entire system, it was important that the measurement be technically sound. CCAQ had expressed concern on several previous occasions about the manner in which housing data were being used in the current methodology for determining the differential. There were too few renters among the United Nations common system staff in Washington to offer an accurate reading of the differential in rents between the two cities. CCAQ therefore approved the efforts made to make use of external data in improving the comparison. The consequences of the new methodology on margin calculations were especially important in the context of potential future salary adjustments which might be required in the event that the lower level of the margin were breached.

Views of staff representatives

134. The representative of FICSA noted that FICSA had supported the general thrust of the development of a revised methodology in 1992 at the Commission's spring session. At the time, FICSA had questioned the applicability of United States consumption patterns, but, after reviewing the technical details of the study, it agreed that the Commission was correct to proceed on that basis. FICSA therefore accepted the report. It considered, however, that more detailed justification could have been provided on various assumptions made in the methodology. It would have been useful to have had a representative of the consultant participating in the Commission's deliberations.

135. The representative of CCISUA noted that the modalities for calculating the New York/Washington, D.C. cost-of-living differential had been questioned for years. In 1991, ACPAQ had addressed the shortcomings of the current measurement methodology and concluded that it was unacceptable. The current methodology reflected an inverted pyramid, that is, the spending patterns and housing choices of a small number of common system staff in Washington, D.C. had a significant effect on the remuneration levels of the entire common system. CCISUA had supported both the use of United States patterns for the

development of the methodology and the modalities for the development of the housing component. Since the Commission had accepted the methodological approach in March 1992, there should be no hesitation in accepting the results.

Discussion of the Commission

136. The Commission noted that the proposed methodology raised a number of complex technical issues which had to be carefully examined, to ensure that existing deficiencies were not replaced by new ones. In that regard, it was noted that the technical work had been conducted by a recognized expert who had conducted similar exercises for the comparator.

137. The Commission considered whether it was necessary to address the issue of the cost-of-living differential measurement in view of the impending application of the comparator's locality pay system, which was scheduled for initial implementation on a phased basis beginning in 1994. When that system is fully implemented, a measure would exist of the difference in the cost of labour between New York and Washington, D.C. It was noted that, in 1986/1987, the Commission had conducted an extensive review of margin methodology, a key element of which was the New York/Washington, D.C. cost-of-living differential. The review included a consideration of the following:

(a) A United Nations/United States net remuneration comparison in New York which would obviate the need for such a differential; and

(b) A cost-of-living measure to determine the New York/Washington, D.C. differential.

The outcome of that review had been settled by the General Assembly in resolutions 41/207 and 42/221, as there was no reasonable alternative to conducting the United Nations/United States comparison between the United Nations common system in New York and the United States federal civil service in Washington, D.C., taking into account the cost-of-living difference between the headquarters cities of the two services. The rationale and argumentation on this decision advanced by the Commission was extensive and was well documented. 17/ The Commission had noted that, at that time, the comparator had neither a cost-of-living nor a cost-of-labour measure for determining the difference between New York and Washington, D.C. Nowadays, cost-of-living measures were being applied by some United States government agencies and a cost-of-labour measure was being developed under the locality pay system. With regard to conducting the comparison at New York, it was recalled that, when this issue had been examined in 1986/1987, it was concluded that the number of relevant comparison points in New York for the comparator was deficient. Many of those issues had subsequently been re-examined at the time of the comprehensive review, 18/ without a recommendation for any change in the existing procedure.

138. Some members of the Commission felt that it would be inappropriate to await the introduction of the comparator's locality pay system in view of legal constraints on its full implementation, which might considerably delay the establishment of a fully meaningful measure. It was also noted in this regard that the locality pay measure, which would not be fully implemented for many years, would reflect the cost of labour for both professional and clerical support staff in the comparator and might have limited applicability

in the context of net remuneration margin calculations affecting common system staff in the Professional and higher categories.

139. The approach of using United States expenditure patterns/characteristics in the cost-of-living measurement methodology was recognized as the most notable departure from the current methodology, which used common system patterns/demographics. In this regard, the Commission recalled that the current methodology based on post adjustment calculations relied on very limited data on common system staff in Washington, D.C. The proposed approach would substantially increase the database and was conceptually more appropriate. Some members did not agree with that position. In particular, one member considered that the use of the United States population in the calculation of the differential was inappropriate because of the different characteristics of that population vis-à-vis that of the common system. Some members also questioned certain parameters used in the construction of the differential. In particular, they considered that the specific income levels used as reference points should reflect the range of income levels and the distribution of staff of the comparator service. With regard to family size it was considered that additional family sizes should be included in the calculations, rather than just the two used by the consultant (family size of 1 and 4), to reflect more closely the average family size in Washington, D.C.

140. The Commission noted that the proposed methodology was based on a "spot" measure as opposed to a yearly average. It noted that the "spot" measurements could be averaged over a 12-month period using the updating procedures currently applied in the post-adjustment system without affecting the accuracy of the results. The larger database, which was a feature of the proposed approach, would tend to mitigate year-to-year fluctuations.

141. Most members of the Commission were of the view that the current cost-of-living measurement used in margin calculations was deficient and that it should be replaced by a revised measurement based on the methodology outlined by the consultant. A cost of labour differential was not considered as an appropriate substitute in that context. They agreed that the modified methodology for measuring the cost-of-living differential should be based upon expenditure patterns applicable to the specific income levels of United States civil servants in Washington as used in margin comparisons. Those patterns should be based upon data for more than one size of family. They believed that the revised measurement methodology, when implemented with adjusted parameters of income levels and family size referred to above, would result in a sound improvement over current cost-of-living measurement methodology. Some of those members emphasized that, according to one of the most elementary principles of economic science, it was meaningless and distorting to compare wages or prices between two locations without taking due account of the difference in cost of living between those locations.

142. One member was of the opinion that use of the cost-of-living concept was acceptable only as an interim measure. This member felt that the common system should adopt the cost-of-labour concept consistent with the comparator's implementation of this approach in 1994 as a result of the Federal Employees' Pay Comparability Act (FEPCA). Even though that member found the cost-of-living concept acceptable as an interim measure, she could not endorse the model presented because she was of the opinion that it was technically flawed and would not produce an accurate measurement. Some

members were of the view that the current methodology should remain in effect until the results of the implementation of FEPCA were known.

Decisions of the Commission

143. The Commission decided to:

(a) Report to the General Assembly that:

(i) The Commission had reviewed the methodology for determining the cost-of-living differential between New York and Washington, D.C. in the context of net remuneration margin calculations and concluded that the current methodology was deficient;

(ii) It had examined an alternate methodology developed by a reputable consulting firm and had concluded that the alternate methodology, the main elements of which are contained in paragraph 132 above, was sound and should be used in future for the determination of the cost-of-living differential between New York and Washington, D.C. following the completion of further refinements outlined under paragraph (b) below;

(b) Request its secretariat, in consultation with the consultant, to:

(i) Review the various parameters used in the construction of the New York/Washington, D.C. differential, particularly income levels/distributions and family sizes; and

(ii) Revise the parameters, as necessary, to ensure that they are closely correlated to the target population, that is, United States federal civil servants in Washington, D.C.;

(iii) Submit a report to the Commission at its next session on the updated model parameters and their impact on the results.

E. Use of special rates as an integral part of compensation for the comparator service

144. The Commission, as reported to the General Assembly in its seventeenth annual report, 19/ approved in 1991 at its summer session the results of an updated study of grade equivalencies between the United Nations system and the comparator civil service, for use in net remuneration margin calculations. The study was conducted as part of the Commission's normal work programme with a view to ensuring accuracy in net remuneration comparisons between officials of the two services. During the course of the equivalency study, which was conducted in 1990-1991, a number of new or revised pay systems of the United States federal civil service were encountered and brought to the Commission's attention. The Commission requested its secretariat to study those systems further with a view to reflecting them in grade equivalencies used for margin calculations. 20/

145. Accordingly a supplemental grade equivalency study was conducted, which included 11 United States agencies with new or revised pay systems. The results of the supplemental study were provided to the Commission in 1992 at its spring session. After reviewing the supplemental study, the Commission requested further details on the remuneration practices of those pay systems, particularly in regard to the payment of bonuses and performance awards. Those details were given to the Commission in 1992 at its summer session.

Views of the organizations

146. The Chairman of CCAQ emphasized full support of the CCAQ for the proposed inclusion in margin computations of the special rates applied in 11 United States agencies. CCAQ also supported the inclusion of the Washington, D.C. cost-of-living differentials paid by some agencies. All bonus and performance awards should also be included in the margin computation; those payments had become a normal feature of both the General Schedule and other pay systems of the comparator.

147. There remained the question of the manner in which those special rates should be reflected in the margin comparison - an issue which ACC had requested that the Commission review. CCAQ had reservations about the validity of "averaging in" the special pay systems to arrive at an adjusted margin. That diluted the effect of the higher pay offered by some United States federal agencies. It could be argued that there was no longer a single comparator, but rather a number of them. From that point of view, it would be wholly appropriate to make direct comparisons with the better-paying federal agencies applying special pay systems. CCAQ added that the further information requested by the Commission was amply available in the documents provided.

Views of staff representatives

148. The representative of CCISUA noted that almost all the new or revised pay systems proposed for inclusion in net remuneration margin comparisons had been taken into account in previous comparisons. The only new development was that those agencies had adopted new or revised remuneration schemes. He therefore concluded that there was no reason for excluding those systems from the comparison process. He noted that a significant proportion of comparator staff were receiving those bonuses and performance awards and, over a few years, a large majority of staff would have received them. The awards were therefore not exceptional and should be taken into account in margin calculations.

Discussion by the Commission

149. At the outset, the Commission noted that nine of the 11 agencies proposed for inclusion in the context of margin calculations had been included in this exercise as a result of the 1985/1986 grade equivalency study. The question of whether they should continue to be included in margin calculations had arisen as a result of significant changes in job classification systems and salary-setting processes introduced in the meantime in those systems.

150. The Commission examined the new or revised pay systems to determine whether it was necessary to include them to obtain an accurate comparison of remuneration levels. Their proposed inclusion was not based on any data problems or on insufficiency of comparison points with the pay systems currently included in the process. Some Commission members considered, however, that it would be prudent to await the effects of the implementation of the FEPCA provisions.

151. Some Commission members considered that there were technical problems with the inclusion of the proposed pay systems in margin calculations. Those included the following:

(a) Some of the pay systems were supported by a rank-in-person concept, where pay was not determined by the duties and functions of the job;

(b) Some of the pay systems had not yet fully developed their remuneration structure, and one was experimental, while others might be temporary in nature;

(c) The relatively higher remuneration levels of those systems would, in the comparison, be spread across all grades and occupations.

152. Some Commission members felt that comparisons with additional United States pay systems and structures should be considered in a broader context. Those members considered that the validity of the Noblemaire principle should be reviewed in the light of fundamental changes in the comparator's remuneration system, as well as possible changes in common system remuneration arrangements.

Decisions of the Commission

153. The Commission decided that it was not imperative to include the proposed pay systems in the net remuneration comparison process at the present time. It also decided to maintain its decision on the exclusion of the comparator's bonuses and performance awards from the comparison.

F. Specific issues concerning the Professional salary system

154. The Commission considered proposals by CCAQ and FICSA concerning the conditions of service of the Professional and higher categories. The CCAQ proposals were prepared in response to the following ACC initiatives:

(a) At its April 1992 session, ACC decided to propose to the General Assembly, through ICSC, increases of 3 per cent and 5 per cent at the "D" levels of the salary scale; and

(b) In decision 1991/19, ACC requested CCAQ to submit concrete proposals to ICSC in 1992 on new approaches to conditions of employment of staff in the Professional and higher categories with a view to having the matter considered for submission to the United Nations General Assembly as soon as practicable.

155. CCAQ was accordingly presenting the Commission with a proposal to increase net remuneration at the D-1 and D-2 levels by 3 per cent and 5 per cent, respectively, with effect from 1 March 1993. Those increases were proposed in the context of structural problems with the current salary scale.

156. In addition, CCAQ had, in June 1992, convened an informal working group, consisting of the representatives of ITU, WMO, WIPO, UNIDO and IAEA, to discuss new approaches to conditions of employment of staff in the Professional and higher categories. In that regard the informal working group had noted the increasing specialization of some agencies and the attendant difficulty of recruiting and retaining staff with the necessary expertise. Developments in the comparator service suggested two possible approaches to that problem:

(a) Agency differentials, whereby a number of specialized agencies would be permitted to apply net remuneration levels in excess of those of the rest of the common system. Those levels could fluctuate between prescribed limits based on criteria and guidelines to be established. The agency differential would be expressed as a percentage of net base salary and would be non-pensionable;

(b) Occupational differentials, whereby higher levels of net remuneration would be permitted for certain fields of work where a lack of competitiveness of pay levels could be demonstrated. The differential would be expressed as a percentage of net base salary and would be non-pensionable.

157. The Commission also reviewed information provided by its secretariat on the comparator's practices with regard to its special rates programmes, as well as a discussion of related issues relevant to a review of the applicability of occupational rates within the common system. Comparisons between the net remuneration of United Nations common system officials and that of officials of other international organizations were also provided in response to the ACC request in decision 1991/19.

158. The Commission furthermore considered the following studies, prepared by FICSA, which compared the United Nations common system Professional salary and pensions scheme to those of other international organizations:

(a) A comparison between United Nations Professional salary and pension structures and those of other large international organizations which competed for the same type of staff in the professional job market (the European Community, the Organisation for Economic Cooperation and Development and the World Bank);

(b) The decline in the purchasing power of common system salaries between 1975 and 1992 had been analysed in detail for most headquarters duty stations.

159. Other studies by FICSA had examined the United States Federal Employees' Pay Comparability Act of 1990, the use of special rates in the comparator and their implications for the common system and the deterioration in pensionable remuneration and pensions in the United Nations common system. A further study by FICSA, still to be finalized, compared the United Nations employment conditions with the salary, allowances and other benefits provided by private international companies.

Views of the organizations

160. The Chairman of CCAQ noted that two issues were being brought before the Commission as a result of specific requests by ACC. The first concerned the structure of the current United Nations salary scale and, in particular, the marked differences in the individual margins at the D-1 and D-2 levels, as compared to those at other grade levels. ACC had requested CCAQ to put forward proposals which would lead to an increase in remuneration at the D-1 and D-2 levels of 3 per cent and 5 per cent, respectively. Such increases would permit the further development of structural adjustments, which were also mandated by ACC, including consideration of the introduction of an additional grade level in the scale. CCAQ would be considering how best to pursue those further structural adjustments in 1993, but urged that the request of ACC be considered in the meantime, so that it could be presented to the General Assembly at its forthcoming session.

161. The second issue concerned the introduction of a net remuneration differential to meet the specific needs of the highly specialized technical agencies, along the lines of the comparator's practice. A number of organizations, whose work required the recruitment and retention of specialists of the highest technical excellence, needed to find ways in which they could enhance remuneration levels. Accordingly, ACC had requested them to present concrete proposals in that respect to the Commission.

162. The proposals involved the establishment of non-pensionable net remuneration differentials, to be paid either on an agency-specific basis or in respect of specified occupational groups in different agencies.

163. The report of the informal working group had been presented to CCAQ and the Committee as a whole had agreed to its presentation to the Commission. However, not all organizations had yet had the opportunity to review those potential arrangements. CCAQ had in the past been hesitant about the introduction of occupational rates and a number of organizations remained sceptical on that score. The following comments were made on the hypothesis that some agreement had been reached on the introduction of such rates:

(a) CCAQ was not sure that the Common Classification of Occupational Groups (CCOG) provided a clear enough definition for identifying the occupations to be covered. It would be necessary to undertake an additional exercise to identify which work, in terms of required expertise and experience in a given occupational field, warranted the application of a special rate;

(b) The criteria for determining the occupations to which special rates might apply could be based on comparison with the relevant labour markets, both in the comparator country and in regional or other international organizations, with which the United Nations competed for staff in the occupations in question;

(c) In terms of the structure of special pay, CCAQ preferred special rates to be paid in the form of a non-pensionable salary differential;

(d) With regard to the maintenance, increase or elimination of special pay, CCAQ considered that the Commission should regularly monitor the system. Special pay would not constitute an acquired right.

164. The United Nations representative indicated that his organization had serious reservations with respect to the possible introduction of agency differentials which, in his view, would result in undermining the principle of equal pay for work of equal value in the organizations of the common system. With regard to occupational differentials, the United Nations maintained that, while this approach might have some merits, its implications for overall margin management should be further studied before final conclusions could be drawn.

Views of the staff representatives

165. The representatives of FICSA said that the studies conducted by FICSA showed clearly that the United Nations system had already become a non-competitive employer with all the implications this had for the recruitment and retention of the necessary quality of staff, and for staff morale. He noted that pensions were also higher outside the United Nations system, not only in absolute terms, but also in terms of income replacement. Details of the methodology used for the comparison, as well as the salaries and pensions offered by each organization, were contained in the main body of the FICSA report.

166. To offset in part the losses in purchasing power sustained by Professional staff, FICSA was proposing "a modest 15 per cent increase throughout the common system to be granted in three equal instalments each year, beginning 1 January 1993".

Discussion by the Commission

167. With regard to the FICSA documents, the Commission considered that, although information on the non-competitiveness of the common system was provided in great detail, it could be concluded that, rather than being an uncompetitive employer, the common system was merely less competitive than the international organizations to which it was compared. The Commission considered that comparisons with other international organizations were outside the scope of the Noblemaire principle. Some members were, however, of the view that, bearing in mind the evolution of the conditions of employment in other international or intergovernmental organizations with which the United Nations common system competed for staff, the fundamental issue of the continued applicability of the Noblemaire principle should be examined. The Commission noted that its secretariat had also submitted a report on comparisons with international organizations in response to an ACC request and had concluded, like FICSA, that some international organizations paid higher net remuneration levels than those of the common system.

168. As to the CCAQ proposal for an increase in the net remuneration of levels D-1 and D-2, the Commission felt it was difficult to deal with this in isolation from the salary scale structure as a whole. In this regard, it noted that, at the D-1 and D-2 levels, the margin between common system remuneration levels and comparator equivalents was narrow, whereas at levels P-1 to P-3 it was wide. It was also pointed out that the opportunity of the recently completed comprehensive review should have been taken to address this issue.

169. One member of the Commission, after examining the CCAQ proposal, was of the view that the proposed increases at the D-1 and D-2 levels were justified; a study should be made of the impact of the possible increases for ASG and USG levels on the inter-grade differentials with the D-2 level, whose salaries were barely higher than those of the equivalent comparator grades.

170. Another member was of the view that, as the General Assembly had not adopted a position on the adjustment of salaries of the USGs and ASGs at its forty-sixth session, it would be difficult for the Commission to establish a fair and equitable recommendation for the salaries of D-1 and D-2 grades without bearing in mind the final views of the General Assembly on the salaries of USGs and ASGs.

171. The Commission noted that certain technical aspects of the CCAQ proposal (for example adjustments to the base/floor salary scale necessitated by such increases, as well as relativities with other grades on the scale) required further consideration. It considered that the proposal needed detailed study in a broader context.

172. With regard to the introduction of special rates within the common system, the Commission considered that agency-wide special rates would be difficult to implement without serious damage to the common system.

173. The Commission believed that special occupational rates, on the other hand, could offer an effective management tool for the executive heads to recruit and retain staff of the required calibre in some highly specialized technical occupations, for example, nuclear safety inspectors and/or engineers, telecommunication specialists, legal experts dealing with highly specialized matters, aviation experts etc. It noted that the comparator had successfully used special occupational rates in a number of instances.

174. The Commission recalled that, in General Assembly resolution 46/191, the ICSC had been invited to enhance its responsiveness within the common system to the concerns and needs of the different organizations. It considered that the area under review was one in which the Commission could demonstrate such responsiveness without breaching the common system. The Commission was not in a position to enter into the details of a scheme of special occupational rates, including the criteria and the procedure to be used for the identification of specific occupations, but felt that, even at this stage, the principle of their establishment could be recommended to the General Assembly. It considered that a detailed study of the overall scheme of special occupational rates should be undertaken by its secretariat with the active cooperation of the organizations. In particular, the following points would have to be addressed:

(a) Criteria for defining fields of work/occupations across agencies; possible adaptation of CCOG codes for that purpose;

(b) Criteria for determining application of special occupational rates (that is, how to determine recruitment/retention problems, relevant labour markets, including nationality questions etc.);

(c) Structure of special occupational rates (that is, per cent of salary; extra steps/bonuses etc.);

(d) Pensionability of the additional amounts paid;

(e) Procedure for eliminating/reducing the amount paid under special occupational rates;

(f) Administrative modalities for applying special occupational rates in practice;

(g) Details concerning the number of staff who might be affected.

175. While some agencies appeared cautious about occupational rates, the Commission viewed the further study as one which would permit a structure to be recommended. Whether individual agencies adopted any such structure could be left to their decision.

Decision of the Commission

176. With regard to the CCAQ proposal for an increase in net remuneration at the D-1 and D-2 levels, the Commission agreed that, bearing in mind the need for a detailed study of this matter, it was not in a position to submit a recommendation to the General Assembly at this stage.

177. The Commission decided to report to the General Assembly that, on the basis of the information available, it was of the view that special occupational rates could be introduced in the common system as a means of addressing recruitment and retention problems for some specialized technical fields. The Commission invited the Assembly to endorse this approach in principle. The Commission would then work closely with the organizations with a view to identifying specific occupational groups in technical fields where serious recruitment and retention difficulties were being encountered. At the same time, the Commission would address the modalities for the payment of special occupational rates and submit its recommendations to the agencies involved as part of its annual report for 1993. The Commission would also submit a detailed report, including its recommendations, to the relevant specialized agencies and to the Assembly at its forty-eighth session. The modalities for the establishment of special occupational rates developed by the Commission in cooperation with the organizations would be also reported to the Assembly in 1993.

G. Methodology for the determination of dependency allowances for the Professional and higher categories

178. As part of the comprehensive review of the conditions of service of the Professional and higher categories which it conducted in 1989, the Commission had presented to the General Assembly certain recommendations in respect of dependency allowances (children's allowance and secondary dependant's allowance). For the children's allowance, while the basis for its determination should continue to be the relevant tax abatements and family allowances payable in the countries of the seven headquarters duty stations, the amount of the allowance should be expressed as a fixed percentage of net remuneration (base salary plus post adjustment) at the midpoint of the salary scale. (That percentage was set at 2 per cent.) The amount of the secondary dependant's allowance should be 1 per cent of net remuneration at the midpoint. 21/

179. Those recommendations were not accepted by the General Assembly, which, in resolution 44/198, requested the Commission to reconsider the methodology for determining dependency allowances for the Professional and higher categories in the light of the comparator's tax practices. A report on this matter was to have been submitted to the Assembly at its forty-fifth session in 1990. As the Commission has earlier reported to the Assembly, it conducted a preliminary study of the matter in 1990, but was unable to consider it in further depth owing to a number of other conflicting priorities. 22/

180. The Commission took up this matter in 1992 at its spring session on the basis of an analysis by its secretariat of the feasibility of aligning United Nations common system practice more closely with that of the comparator. The conclusion reached in the secretariat's analysis was that, for a number of reasons, it would be preferable to retain the current methodology for computing dependency allowances for the Professional and higher categories, described above. Application of this methodology would require an increase in the level of dependency allowances to reflect increases in the value of tax abatements and social security benefits in the seven headquarters cities in the intervening period since the last review (that is, 1988). A two- or three-year review cycle for dependency allowances in the future was proposed by the secretariat.

Views of the organizations

181. The Chairman of CCAQ recalled the Committee's position that dependency allowances were social benefits and that there seemed to be no reason to change the current methodology. As for the actual level of the allowances, he recalled that the children's allowance had last been adjusted in 1989, while the secondary dependant's allowance had remained unchanged since 1977. CCAQ agreed that application of the current methodology pointed logically to an increase effective 1 January 1993 in the children's allowance from $1,050 to $1,270, or about 21 per cent. The secondary dependant's allowance should be adjusted at the same rate as the children's allowance and with effect from the same date. In the light of the General Assembly's decision to biennialize the work programme of the Fifth Committee, he suggested that the Commission should carry out reviews of those allowances every two years, starting in 1992.

182. Some organizations believed that the Commission should reiterate its 1989 recommendation to the General Assembly that children's and secondary dependant's allowances should be set at 2 per cent and 1 per cent of net remuneration, respectively.

Views of the staff representatives

183. The President of FICSA stressed that the allowances for dependent children and for secondary dependants were inadequate in comparison with such benefits offered by the comparator and by other international organizations. The proposed children's allowance of $1,270 compared to $2,934 per child in the European Community. FICSA recommended that the secondary dependant's allowance be set at the same level as the allowance for primary dependants. Noting that many staff members, particularly in developing countries, were the primary source of support for their whole family, FICSA concluded that the allowance was overdue for an adjustment.

184. The representative of CCISUA stated that the dependency allowances should continue to be based on the present seven-headquarters methodology. Those allowances represented a social benefit and need not reflect the practice of the comparator. In his view the allowance for secondary dependants should be set at the same level as that of primary dependants and the latter should be increased as proposed.

Discussion by the Commission

185. The Commission noted that the comparator's tax system provided for a rather complicated set of tax abatements for dependent children through various exemptions and deductions. The tax statistics obtained from the comparator reflected the 1988 tax year and there was no assurance that similar statistics would be available in future. The application of the comparator's tax practices would yield a children's allowance of $1,048 per annum based on a combination of flat-rate exemptions and other permissible itemized deductions.

186. In the context of the comparator's tax methodology, it was noted that the eligibility criteria for primary and secondary dependants used in the common system were markedly different from the requirements of the comparator's tax code. Under that system, the tax abatement for a secondary dependant was identical to that for a child. If those practices were to be used to determine the level of the secondary dependant's allowance, a substantial realignment of common-system eligibility criteria would be required. The Commission, therefore, considered that it would be more reasonable to maintain the current methodology.

187. With regard to the children's allowance, the Commission noted that the application of the current methodology would require an upward adjustment by 21 per cent, that is, in United States dollar terms, from $1,050 to $1,270 to reflect increases in the value of tax abatements and social security benefits that had occurred in the seven headquarters cities between 1988 and 1991. Similar adjustments in percentage terms would be required in hard-currency areas, where the level of the allowance was expressed in local currency terms.

188. The Commission noted that the level of the secondary dependant's allowance ($300 per annum) had not been adjusted since 1977. It recalled that, in 1988 it had recommended that the allowance be increased by the same percentage as the children's allowance (50 per cent). The following year, in the context of the comprehensive review, it had recommended that the secondary dependant's allowance should be set at half the amount of the children's allowance. Those recommendations had not, however, been acted upon by the General Assembly. Several members expressed concern about the low level of the secondary dependant's allowance and the reason why it had remained at that level since 1977.

189. The Commission considered what would be the appropriate level of adjustment at this point, bearing in mind past recommendations made on the subject. It considered that the allowance should be adjusted by 50 per cent to $450 per annum and that similar adjustments of 50 per cent should be made in hard-currency areas where the level of the allowance was expressed in local currency terms.

Decisions of the Commission

190. The Commission decided to report to the General Assembly that, on the basis of a review of the methodology for determining the children's and secondary dependant's allowances for the Professional and higher categories, it had concluded that the existing methodology should be maintained, that is, the allowances should be computed on the basis of tax abatements and social security payments in the countries of the seven headquarters duty stations.

191. In view of the above, the Commission decided to recommend to the General Assembly that:

(a) The current level of the children's allowance should be increased by 21 per cent, with effect from 1 January 1993;

(b) The current level of the secondary dependant's allowance should be increased by 50 per cent, with effect from 1 January 1993;

(c) The eligibility criteria for the children's allowance and the secondary dependant's allowance should remain unchanged;

(d) The present local-currency entitlement system for hard-currency duty stations should be maintained.

192. The Commission further decided:

(a) To reaffirm its earlier decision that the amount of dependency allowances should be reduced by the amount of any direct payments received by staff in countries where the Government made direct payments to eligible residents in respect of dependants;

(b) That the level of dependency allowances should be reviewed every two years.

193. The Commission noted that the financial implications of its decision amounted to US$ 3.1 million per annum for the common system.

H. Report of the Working Group on Professional Remuneration established by the WIPO Coordination Committee

194. The Coordination Committee of the World Intellectual Property Organization (WIPO), at its twenty-eighth session in September-October 1991 established a Working Group on Professional Remuneration. The General Assembly, in its resolution 46/191, requested the WIPO Coordination Committee to involve the relevant common system bodies fully in the Working Group and to seek the views of those bodies, as appropriate, on any report or conclusions it reached.

195. The Working Group held three sessions at WIPO headquarters in February, April and June 1992. The Chairman and the Executive Secretary of ICSC attended the first two meetings of the Group, where substantive discussion took place of the various issues on the Working Group's agenda. At its last meeting, the Working Group adopted its report for submission to the

Coordination Committee. In line with the above request from the General Assembly and at the request of the Working Group itself, the Director-General of WIPO transmitted the Working Group's report to the Chairman of ICSC with a request that it be submitted to the Commission for its views. The report was considered by the Commission at its thirty-sixth session.

196. The WIPO Working Group had examined detailed information concerning the evolution of remuneration at grade P-4, step VI, and of the cost of living in New York and at Geneva during the period from January 1975 to January 1992. Those data showed that there had been considerable monthly variations in net take-home pay at Geneva since 1975. The Group was pleased to note that corrective measures had been introduced by the Commission and that, under the revised system for mitigating the effects of currency fluctuations, the local currency amount of take-home pay was now maintained within a band of plus or minus 0.5 per cent.

197. The Working Group had noted that the purchasing power of take-home pay of a staff member at grade P-4, step VI at Geneva had declined by approximately 25 per cent during the reference period. During the same period, the loss of purchasing power in the take-home pay of an official at the same grade in New York was some 9.3 per cent. Following a detailed investigation of the main decisions and events affecting the evolution of Professional remuneration since 1975, the Working Group acknowledged that there appeared to be valid explanations for the difference in the evolution of purchasing power in the two locations. In that regard the Working Group had noted that the cost-of-living surveys conducted by the Commission in 1978-1979, 1983, 1988 and 1990 had shown that purchasing power at Geneva was higher than in New York. When the results of those surveys, and the action by the Commission relating thereto were taken into account, the relative decline in purchasing power of Professional staff salaries at Geneva appeared to have had the effect of correcting a previous imbalance in their favour.

198. The Working Group had also addressed the issue of alleged inequality of treatment between Geneva and New York. In that regard the Working Group had not seen any evidence of lack of objectivity on the part of ICSC in carrying out place-to-place surveys. As regards the other alleged differences in conditions of service between staff in New York and at Geneva, the Working Group had concluded that, when all variations were taken into account, there were no relevant differences in overall conditions of service between the two duty stations.

Views of the representative of WIPO

199. The representative of WIPO said that the Working Group had been established in reponse to concerns expressed in the Coordination Committee about the loss of purchasing power of the renumeration of Professional and higher category staff. The Director-General's invitation to ICSC to participate in the Working Group's deliberations stemmed from his own view that the Commission should be fully associated with the Group's work; it was also in line with the views expressed by the General Assembly. He expressed appreciation to the Chairman and Executive Secretary of the Commission for their active participation in the Working Group and thanked the Commission for including the item on the agenda of the session. He noted that WIPO had become a specialized agency in 1974, although its roots went back much

further. It was one of the smallest and, at the same time, one of the most specialized agencies in the United Nations system, with a mandate which was assuming increasing importance in the light of the liberalization of international trade and technology transfer. WIPO essentially received 75 per cent of its resources from the private sector under international registration arrangements managed by the Organization. In conclusion he noted that, in its report, the Working Group had stressed the need to improve the common system's responsiveness to the needs of its constituent members.

Views of staff representatives

200. The President of FICSA referred to the data on loss of purchasing power in the report of the WIPO Working Group and invited the Commission to note that further details supporting this question were contained in the FICSA document before the Commission dealing with the same issue.

Discussion by the Commission

201. The Commission expressed satisfaction with the findings of the Working Group concerning the relative difference in the loss of purchasing power of remuneration of Professional staff at Geneva and in New York, the alleged inequality of treatment and other alleged differences in conditions of service of staff at those two duty stations as outlined above. A view was expressed that, as there were periods between 1975 and 1992 when the purchasing power of staff at Geneva was higher than that of their counterparts in New York, this could be viewed as a distinct advantage for the Geneva staff.

202. The Commission was informed that the Director-General of WIPO had invited the Chairman of the Commission to participate in the deliberations on the Working Group's report at the Coordination Committee, when the latter met at Geneva in September 1992.

Decision of the Commission

203. The Commission took note of the report of the Working Group on Professional Remuneration established by the WIPO Coordination Committee. It expressed its appreciation to the Director-General of WIPO for making it possible for the Commission to be represented at the meetings of the Working Group and for inviting the Chairman to participate in the Coordination Committee's deliberations on the Working Group's report.

I. Comprehensive review of conditions of service of Assistant Secretaries-General, Under-Secretaries-General and equivalent levels

204. The General Assembly, in resolution 45/241, requested the Commission to consider, in a comprehensive manner, the remuneration of staff of organizations of the United Nations common system at the Assistant Secretary-General, Under-Secretary-General and equivalent levels, taking into account such elements as: the remuneration levels of equivalent positions in the comparator civil service; representation and other allowances; housing arrangements; and pensionable remuneration levels. A report on that matter was to be made to the General Assembly at its forty-sixth (1991) session.

205. The Commission undertook that review in 1991; the details of its review, along with the views of its interlocutors, are contained in its seventeenth annual report. 23/

206. The General Assembly considered the results of this review at its forty-sixth session. It decided, in resolution 46/191, to defer a decision on the ICSC recommendations to its forty-seventh session.

207. To assist the General Assembly in its reconsideration of this question, the Commission's earlier recommendations are summarized below:

(a) While direct equivalencies cannot be firmly established between the common system and the comparator civil service, approximate working equivalents could reasonably be set as follows:

(i) Under-Secretary-General = Comparator levels Ex. II to Ex. III;

(ii) Assistant Secretary-General = Comparator levels Ex. III to Ex. IV;

(b) An increase in net remuneration levels in a range of 7 per cent to 11 per cent could be considered to reflect improved conditions of service at the equivalent levels of the comparator's Executive Schedule. The specific level of increases should be determined by the General Assembly in the light of such recommendations as the Secretary-General may wish to make, bearing in mind the desirability of establishing net remuneration ratios vis-à-vis the comparator service, which are in line with the average net remuneration margin for those in grades P-1 to D-2;

(c) Revised housing arrangements should be established as follows:

(i) Eligible officials would receive a maximum rental subsidy amounting to 75 per cent of the threshold rent for the individual concerned. Further details of those arrangements are contained in the Commission's seventeenth annual report; 24/

(ii) Executive heads would be authorized to exercise discretion to approve the granting of such subsidy arrangements in cases where eligible officials needed to rent suitably sized and located accommodation;

(d) The pensionable remuneration scale for these officials should be adjusted commensurate with changes in net remuneration;

(e) Representation allowances would best be handled by executive heads under guidance from the governing bodies of their respective organizations.

CHAPTER V

REMUNERATION OF THE GENERAL SERVICE AND RELATED CATEGORIES

Review of the general methodology for surveys of best prevailing conditions of employment at headquarters duty stations

208. At its summer session in 1990, the Commission completed its third round of surveys at the seven headquarters locations of the system (Montreal, Paris, Rome, New York, London, Geneva and Vienna) and noted that at its forty-fifth session in 1990, the General Assembly had requested a report to be submitted at its forty-seventh session in 1992 on the review of the methodology for surveys of best prevailing conditions. The Commission therefore requested its secretariat to hold consultations with representatives of organizations and staff in an informal working group and to prepare a preliminary document that would enable it to provide policy guidance to a formal Working Group. This Group would be convened after the spring session of 1992 and would report to the summer session of that year.

209. At its spring session in 1992, the Commission considered the report of the informal working group, as well as a separate note on grade overlap, recruitment and retention of staff in the General Service and related categories. Following its review, the Commission decided that the formal Working Group, to consist of three members of the Commission, three representatives of CCAQ, and two representatives each of FICSA and CCISUA, should have the following mandate:

(a) To review the data provided by the informal working group in the light of the views expressed at the thirty-fifth session, and any additional information it considered relevant to the subject;

(b) To report to the Commission at its summer session in 1992 its views on the Flemming principle, the modalities for its application and the survey methodology. Where revisions were required, those would be presented in the form of options for consideration by the Commission.

210. At its summer session in 1992, the Commission received the report of the Working Group, which conveyed views on the Flemming principle, as well as on the four stages of the survey methodology, namely:

(a) The preparation phase;

(b) The data-collection phase;

(c) The data-analysis phase;

(d) The decision phase, including the construction of the salary scale.

Views of the organizations

211. The Chairman of CCAQ reaffirmed the validity of the Flemming principle, which had long been accepted as the cornerstone for determining salaries for

the General Service and related categories and was the equivalent, for those staff, of the Noblemaire principle applicable to the Professional and higher categories. The key question was whether the methodology deriving from that principle had enabled the organizations to recruit and retain staff in a cost-effective manner, which it had. CCAQ, therefore, was of the view that the methodology should be maintained in most instances. Whatever changes were proposed should not vitiate the intent of the Flemming principle.

212. The Flemming principle implied that the common system should be competitive. Comparisons should therefore be made with employers that competed for staff with similar skills and experience. Neither the field of activity of the comparator nor its size should be overemphasized. CCAQ affirmed that the current minimum of 50 office employees in each comparator should be maintained. Survey teams should strive to reach agreement on all issues, but, if disagreements arose, those should be referred to the Chairman of the Commission. The current methodology for the elimination of employers and the quantification of benefits should be basically maintained. No legislation was required for comparator employees who were not subject to taxation, as that issue was being contested through the tribunals. The language factor currently applied in Rome and Vienna, where the local language is not a working language of the United Nations, should be maintained. With regard to periodic adjustments between surveys, CCAQ would prefer that an assessment be made on each occasion as to the reasonableness of an interim adjustment close to the salary survey, it being understood that adjustments would not be made if they were due after the survey data collection had begun.

Views of the staff representatives

213. The President of FICSA noted that, while a review of the methodology after a round of surveys was appropriate, a review of the Flemming principle went beyond the request of the General Assembly. He reaffirmed the validity of the principle, which had provided stability in conditions of employment since its elucidation in 1949. The application of the principle in the review of the methodology should be consistent. In that regard, the "best prevailing" conditions of employment on which the conditions of locally recruited staff were based implied that the organizations would be among the best employers in the locality without necessarily being the absolute best. He noted that correct application of job classification was a prerequisite for the application of the survey methodology.

214. In the view of FICSA, the increasing number of non-national local staff at the various duty stations indicated that the current conditions of service were not competitive with the local labour markets for national staff. He stressed the importance of full and meaningful involvement of staff representatives at all stages and expressed concern over the proposal to expand the role of the ICSC secretariat in the survey process. The current methodology with respect to the number of employees per employer, the number of comparator employers, the number of matches per job and the elimination of employers, if they were 10 per cent below the lowest average salary, should remain unchanged. Job matching should be based on duties only. The quantification of benefits should be applied evenhandedly and should be based on market value. Merit or productivity bonuses should be included until the common system implemented similar schemes. Employees not subject to taxation should be included at the net salary level and adjustments for language,

gender and other factors should remain, but should be appropriately determined. Extra steps-in-grade not offered by all organizations must be excluded from consideration in determining the salary scale. Surveys should be scheduled so that the results could be promulgated before an interim adjustment became due. He expressed strong reservations concerning the importance the members of the Commission attached to the availability of financial implications during the course of the survey itself and during the subsequent decision-making process.

215. The representative of CCISUA strongly supported the Flemming principle and regretted the Commission's decision to review that principle, which had enabled organizations to recruit staff of the highest standards of efficiency, competence and integrity. With regard to the methodology, he expressed concern about a number of recommendations by some members of the Working Group, including those related to the expanded role of the secretariat in the survey process. The representatives of administration and staff were most familiar with the local conditions and a supervisory role of the secretariat would jeopardize the current consultation process. Staff representatives could not accept to work under the supervision of the secretariat. The selection of employers should be based on the best employers available. People looking for jobs did not choose an employer on the basis of size, but rather on conditions of employment offered. Job-matching should include an evaluation of both duties and job requirements and any disagreements among survey team members should be referred to the Commission. Regarding the geographical location of employers, CCISUA considered that, for certain jobs, appropriate comparators might not be found at some duty stations, such as New York. In such cases CCISUA demanded the same flexibility as the Commission had shown in the past.

216. In determining external matching points, CCISUA was of the view that the number of years in grade should be taken into consideration for both common system staff and comparator employees. Extra steps should be included only if those were granted by all organizations, which was currently not the case. While the Commission should have all relevant information at the time of its deliberations, decisions should be made on technical grounds only. The current procedures for periodic adjustments should be maintained and cost-of-living adjustments should be fully applied. CCISUA also believed that the Commission should consider the fact that the separation of the two categories of staff was no longer so clear, since there had been a distribution of functions across the two categories, as mentioned in a recent report by the Joint Inspection Unit. 25/ In certain countries the proliferation of people with university qualifications had created a situation whereby employers could recruit highly qualified staff with degrees for regular office work.

217. Following the decisions by the Commission on this item, as reported below, the representatives of FICSA and CCISUA made statements, which are summarized in annex I below.

Discussion by the Commission

(a) Basis for the determination of the conditions of service of the General Service and related categories: the Flemming principle

218. The Commission noted that the Flemming principle used as a basis for determining the conditions of service for locally recruited General Service staff and the manner of its interpretation had been the subject of several reviews since its adoption by the General Assembly in 1949. The conditions of service of staff in the General Service and related categories had been based on best prevailing conditions of employment in a given locality. Various efforts to define that principle further had not necessarily resulted in greater clarity. The Commission observed that the principle had evolved from "best prevailing rates" to "best prevailing conditions". Based on that evolution, the survey process allowed for the consideration of the conditions in a broader context. The Commission felt that comparisons of such conditions should not be limited to salaries and allowances, but should encompass best prevailing overall conditions of employment of comparable employers. The Commission noted the importance of focusing on all aspects of the Flemming principle, which called for consideration of best prevailing practices. Both the "best" and the "prevailing" aspects of the principle should be borne equally in mind when applying the principle. The Commission had received no indication that organizations encountered recruitment and retention problems for this category of staff and concluded that the Flemming principle had been effective.

219. The Commission concluded that the current methodology was basically sound, but required fine-tuning on a number of points as regards both the methodology itself and its application. It made a number of observations in that respect, as set forth in detail below.

(b) Preparation phase

220. The Commission stressed the importance of the preparation phase, in which decisions were made on, *inter alia*, the selection of employers and jobs. Taking into account its responsibilities under article 12 of the statute and in view of the impact of those decisions, it considered that the role of the secretariat at this stage should be strengthened so as to ensure both compliance with established criteria, and a consistent application of the methodology across the various headquarters locations. The Commission also considered that a training manual and an improved training programme would be beneficial.

221. Regarding the selection of employers, the Commission considered that, in order to make valid comparisons, the minimum number of employees per employer should be increased from the current requirement of 50 office employees. Following a discussion of various alternatives, the Commission concluded that an increase from a minimum of 50 to 100 office employees would be appropriate and should not markedly affect the continuity of comparator employers between surveys. Two members considered that a minimum of 250 office employees would be appropriate. Bearing in mind the local labour market at Geneva, which had a large number of small employers, the Commission concluded that transitional measures should be applied to avoid abrupt changes and to ensure continuity between surveys. With regard to the inclusion of the public service or

parastatal institutions, one member expressed the view that those should be included only if the conditions of service offered compared favourably with those of other comparators. With regard to the geographical location of employers, the Commission considered that they should be within commuting distance of the duty stations. Members recalled that, in the last round of surveys, an exception concerning geographical location had been made for the Security Service and Manual Worker categories in New York. The Commission confirmed that it was important that an employer had been established in the locality for some time and had systematic pay policies and a structure by which jobs were ranked. The Commission went on to consider the inclusion of multinational employers and the number of employers to be retained for final analysis and concluded that the current practice should be maintained. One member stated his reservation on this point.

222. Regarding the development of benchmarks, the Commission determined that the Common Classification of Occupational Groups (CCOG) would form a sound basis for structuring the statistics of the General Service workforce. It considered that the survey process would be improved by a set of typical benchmarks to serve as a model for use in salary surveys and that information should be added to the benchmarks which would show the position of the job in the overall hierarchy of the organization. Members noted that the Working Group had made recommendations with regard to the inclusion of grades and number of incumbents in the benchmarks, the number of benchmarks to be used, controversial jobs and on the issue of few incumbents in grades. On further consideration of those points, members indicated their agreement with the recommendation of the Working Group to maintain the current practice. The Commission also considered that the provision of relevant information on the common system job structure to comparators would assist in establishing more accurate job matches. In view of the importance of the application of job classification standards, the Commission agreed to include a review of that matter in its work programme.

(c) Data collection phase

223. In reviewing the matching process and the role of educational requirements, the Commission considered that job-matching should be based on an evaluation of duty statements and other relevant information, including qualification requirements. In that regard, statistics had been provided by CCAQ, which showed that a considerable number of staff in the General Service category held a university degree. It was noted that the common system maintained a rank-in-job system, which focused on the responsibilities to be performed, rather than on the individual qualifications of staff. Although jobs in the General Service category did not require a university degree, experience had shown that some comparators required such academic qualifications, particularly at the equivalent of senior General Service levels. The Commission determined that the current practice of not accepting such cases as a job match should be modified so as to allow a job match if the comparator's job were held by staff who, like the senior General Service staff in the common system, had reached this level of responsibility on the basis of extensive experience and knowledge. If such posts, however, were held by university graduates in the relatively early stage of their career, such matches would continue to be disallowed. If disagreements arose on job matches between the survey data collection teams, they should be referred to the Chairman for resolution.

224. The Commission considered that data should be collected on average salary data, rather than on individual salary data, including age and length of experience. In this regard, it was noted that, while the data collected pertained primarily to local staff, the composition of the General Service workforce had changed considerably, with a gradual increase in the number of non-nationals being recruited for local General Service positions. The Commission also considered means of facilitating the cooperation of employers.

(d) Data-analysis phase

225. In reviewing the criteria for the elimination of employers and jobs in the data-analysis phase, the Commission noted that, under current guidelines, an employer should be excluded if the base salary plus other elements of remuneration resulted in average salaries 10 per cent or more below the next higher average salary for each job. Members determined that such elimination should take place on both the highest and lowest salaries, in order to avoid extremes that would distort the survey data. In the view of one member, this would go against the Flemming principle, which referred to "best prevailing conditions". The Commission also decided on the elimination of employers who followed improper personnel policies. It further decided to amend the methodology so that jobs which were held by only one incumbent of the comparator should not constitute a match, unless the job in question were clearly one-of-a-kind so that a larger number of incumbents could not reasonably be expected as, for example, the secretary to a Chief Executive Officer.

226. The Commission then considered the issue of quantification of fringe benefits, including performance payments, meal benefits and low-interest loans, as well as the basis for evaluating benefits. It determined that performance payments should not be included if they were of an exceptional nature and granted on the basis of merit or productivity of individual staff. The Commission further determined that, in the quantification of meal benefits, account should be taken not only of positive adjustments, that is, if the benefits offered by the comparator were more favourable than those provided by the organizations, but also of negative adjustments if the reverse were the case. No substantive changes were required in the methodology as regards the quantification of loans.

227. With reference to the language factor, which was currently granted in Vienna and Rome, where the local language was not a working language of the organizations, the Commission noted that earlier problems of recruiting staff with language skills had diminished. It therefore concluded that this factor should be discontinued. Although most members favoured a phased approach to the discontinuation, they considered that a gradual reduction at the next two salary surveys would leave that allowance in place for too long a period. The Commission concluded that the allowance should be discontinued at the next salary survey in those locations. If that decision would lead to a salary freeze, however, consideration should be given to a phased approach.

228. Members noted that the Working Group had made recommendations with regard to social security provisions, netting-down procedures, the use of the seventy-fifth percentile and logarithmic weighting, gender discrimination and Commissary benefits. On further consideration of those issues, members indicated their agreement with the recommendations of the Working Group to

maintain the current practice. As to the internal matching points to be used in the calculation of internal salary levels, the Commission noted that job-matching was conducted on the basis of a comparison of functions, as opposed to individual staff. It therefore determined that no adjustments should be made in respect of internal/external differences in length of service/seniority. The Commission also determined that salary data for staff in receipt of the extra longevity step approved by it in 1984 should be at the next lower step and that salary data for staff at steps beyond those approved by the Commission should be included at their actual step.

(e) The decision phase, including construction of the salary scale

229. The Commission noted that the construction of the salary scale took place only after it had reached decisions on the various aspects of the data collection and analysis process. Consequently, the Commission had to take decisions with no indication of their implications. Since administrations and staff were in possession of relevant data before the considerations and decisions by the Commission, some members felt that the Commission should have equal access to that data. The Commission considered that it was essential that the process should be transparent for all parties. The Commission also determined that a uniform factor should be established as part of the interim adjustment process to govern the movement of the relevant index at each headquarters duty station.

230. It was recalled that, in the last round of surveys, problems had arisen at two duty stations when interim adjustments were made close to or even after the reference date of the survey. The results of those surveys were consequently below the level of the scale in place at the time of approval of the survey results. The Commission therefore concluded that a six-month waiting period should be established, ending on the reference date of the survey, during which no interim adjustments would be granted. Any payments due to staff as a result of this postponement would be applicable retroactively, if this were justified by the results of the survey. With regard to periodic adjustments between surveys, members noted that a variety of practices was applied at the various headquarters duty stations. It was felt that, in the future, a more uniform approach would be preferable.

Decisions of the Commission

231. The Commission took the following decisions in respect of the Flemming principle and the general methodology for surveys of best prevailing conditions at headquarters duty stations:

(a) Basis for the determination of the conditions of service of the General Service and related categories: the Flemming principle

(i) To reaffirm the Flemming principle, as enunciated at the Commission's fifteenth session, as follows:

"It is stated under Article 101 of the Charter of the United Nations that 'the paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence and integrity'. To comply with the standards established by the Charter as regards the employment of locally recruited staff, the organizations of the United Nations system must be competitive with those employers in the same labour market who recruit staff of equally high calibre and qualifications for work which is similar in nature and equal in value to that of the organizations. Remaining competitive in order to both attract and retain staff of these high standards requires that the conditions of service for the locally recruited staff be determined by reference to the best prevailing conditions of service among other employers in the locality. The conditions of service, including both paid remuneration and other basic elements of compensation, are to be among the best in the locality, without being the absolute best."

(b) Preparation phase

(ii) To instruct its secretariat to prepare a training manual, along the lines of the existing manual for field surveys, to form the basis for an improved training programme on all aspects of applying the survey methodology;

(iii) That its secretariat should provide, as an integral part of the preparatory activities for each survey, a check-list of the relevant criteria pertaining to proposed employers for approval by the Chairman of the Commission. Any comments received from representatives of administrations and staff would be submitted concurrently to the Chairman;

Role of the secretariat

(iv) To revise the relevant provisions of the current methodology to reflect the role of the secretariat, as follows:

"The preparatory phase will be undertaken under the supervision of the secretariat with the participation of the representatives of administration and staff. This phase consists of consultations with representatives of the staff and the administrations on the choice of jobs, the selection of employers, the preparation of benchmark job descriptions, the questionnaire and the application of the survey methodology to the particular duty station;"

Selection of employers

(v) To amend the condition in the current methodology as regards the inclusion of public service or parastatal institutions in the sample of employers, as follows:

"Surveyed employers should represent a reasonable cross-section of competitive economic sectors, as well as the public service or parastatal institutions with no sector unduly dominating the sample."

(vi) That the minimum number of clerical and support employees per employer should be set at 100. Where transitional measures are required to maintain reasonable continuity of employers between surveys, the requirement concerning the revised minimum number of employees would be applicable only to employers not previously surveyed; in any case, employers with less than 50 employees would be excluded;

(vii) To modify the provisions of the methodology concerning the geographical location of employers as follows:

"Selection of employers should be limited to those within commuting distance of the duty station; should the need for an exception arise, this should be brought to the attention of the Commission;"

(viii) To maintain the current criterion regarding the requirement for length of establishment of employers, but to modify the methodology to read "and should have been established in the locality for at least several (that is, around five) years";

(ix) To reaffirm the requirement for systematic pay policies and to amend the text of the methodology concerning the desirability for a job evaluation system by adding the phrase, "the existence of a structure by which jobs are ranked";

(x) That the definition of an employer should be amended so as to ensure, that when an employer has multiple sites in the locality that follow the same personnel policies, all staff at those sites should be considered in the data analysis. Questions regarding the definition of an employer should be handled pragmatically in each survey;

(xi) To maintain the current number of 20 employers to be retained for final analysis and to confirm the need for continuity in the group of comparator employers;

(xii) To confirm that multinational employers could continue to be included in the sample of employers surveyed;

Selection of jobs

(xiii) That the Common Classification of Occupational Groups (CCOG) should form the basis for the relevant statistics of the General Service workforce;

(xiv) To confirm that every effort should be made to include all grades in the benchmarks and that a large number of incumbents in each grade should be covered;

(xv) To confirm that the typical number of survey job descriptions should be between 14 and 20, and that job descriptions should cover only one grade and that linked grades should not be considered;

(xvi) That controversial jobs should remain excluded from the survey process, and to confirm its expectation that recommendations to the Executive Heads to address the anomalies identified would be implemented;

(xvii) To confirm that grades with only a handful of common system incumbents should be excluded from the survey process;

(xviii) To include in its work programme a review of the application of the job classification standards at headquarters duty stations;

Development of benchmarks

(xix) To instruct its secretariat to develop a set of typical benchmarks, to serve as a model for use in salary surveys;

(xx) To provide additional information to employers, together with the benchmarks, which would show the position of the job in the hierarchy, as well as an overall description of the United Nations structure, including a description of the existing two categories of staff;

(c) Data-collection phase

Job matching

(xxi) That additional information, such as qualification requirements, should carry similar weight to the statement of duties and responsibilities in the matching process;

Educational qualifications

(xxii) That, in cases where outside employers require a university degree for survey jobs, such matches could be accepted if the comparator jobs were held by staff who, like the senior General Service staff in the common system, had reached this level of responsibility on the basis of extensive experience and knowledge. If such posts, however, were held by university graduates in the relatively early stage of their career, job matches would continue to be disallowed;

Disagreements

(xxiii) With regard to the handling of disagreements between members of the survey team, that if no consensus were reached among the team members, the matter would be brought to the Chairman for decision;

Type of salary data to be collected

(xxiv) That average salary data was the most appropriate data to collect and that individual salary data should be collected only where necessitated by local conditions;

Cooperation of employers

(xxv) To encourage administrations and staff organizations to explore means to improve the cooperation of employers;

(d) Data analysis phase

Elimination of employers

(xxvi) To delete the current rule in the methodology, whereby an employer would be excluded if the base salary plus other elements of remuneration for the lowest-ranking employer resulted in average salaries 10 per cent or more below the next higher average salary for each job;

(xxvii) To amend the methodology regarding the elimination of employers, as follows:

> "In addition to the guidelines on what constitutes sufficient data for retention of a job or employer, it may be necessary to provide for the exclusion of data on other grounds. Data could conceivably be excluded if an employer were found to present unreliable information. Unreliable data may result when an employer is uncooperative, has a totally ad hoc and unsystematic approach to pay and grading, or when the employer's representative meeting with the survey team is not knowledgeable about the jobs in his or her organization. Such exclusions are to be considered provisional, however, pending final review and decision by the Commission on a case-by-case basis. Salary data for part-time employees should already have been excluded during the data-collection phase. Also, salary data representing extremes at either end of a job-by-job salary ranking for survey employers should be brought to the attention of the Commission for its review;"

(xxviii) If it were determined that the employer followed personnel policies that were deemed to be either unethical, illegal or improper;

Elimination of jobs

(xxix) To confirm that the current criteria for the elimination of jobs remain unchanged, except that all jobs matched should have more than one incumbent, unless the job in question was clearly one-of-a-kind so that a larger number of incumbents could not reasonably be expected;

Quantification of fringe benefits

(xxx) To replace the relevant provision of the methodology concerning performance payments with the following:

> "Performance payments made to individuals that are of an exceptional nature based on the merit or productivity of individuals and that would not be paid as a part of salary should not be taken into account;"

(xxxi) With regard to meal benefits, adjustments should be made both upwards and downwards in the quantification of such benefits;

(xxxii) To confirm that no adjustments to the methodology are required regarding the quantification of low-interest loans;

(xxxiii) That, with regard to the basis for evaluating a benefit, the relevant provisions of the methodology should be revised to read:

> "It is understood that a benefit should be evaluated at the cost to the employer and not at its normally recognized or computed market value. It would be appropriate to base the quantification of a benefit on the cost to the employer per eligible employee, for example, where the employer provides free or discounted company products;"

Social security provisions

(xxxiv) To note that no changes in the collection of data on social security provisions could be contemplated before a detailed examination had been undertaken by the secretariat of the Commission and that the current practice should be continued;

(xxxv) To confirm that no further specificity was required in the Commission's decisions and recommendations regarding such issues as the separation payments in Vienna and Rome;

Netting down

(xxxvi) That the netting-down procedures should be maintained and that the secretariat should continue to bring to the attention of the Commission any anomalous tax calculations;

Employers not subject to taxation

(xxxvii) With regard to the methods to be applied to employees who are not subject to taxation, to continue the current practice of excluding special tax provisions applicable to such staff of the surveyed employers;

Seventy-fifth percentile

(xxxviii) To confirm the use of the 75th percentile method;

Dominance

(xxxix) To confirm the use of logarithmic weighting to avoid dominance;

Language

(xl) To discontinue inclusion of the language factor at the time of the next survey. Should this lead to a freeze of salaries, the Commission should consider a phased approach to the elimination of this element;

Sex discrimination

(xli) That no amendments in the methodology were required on the issue of sex discrimination;

Internal matching points

(xlii) That, in view of the use of the job classification system and dual pay-line methodology, no adjustments in respect of internal/external differences in length of service/seniority should be made to internal salary levels;

(xliii) To include salary data for staff in receipt of the extra longevity step approved by the Commission in 1984, at the next lower step;

(xliv) To include salary data for staff at steps beyond those approved by the Commission, at their actual step;

(e) Decision phase, including construction of salary scale

(xlv) That, in order to satisfy rule 33.2 of the rules of procedure of the Commission, 26/ estimates should be made available to the Commission prior to adoption of any recommendation of a new scale to organizations; and

(xlvi) To confirm the need to keep the process transparent for all parties;

Periodic adjustments between surveys

(xlvii) To establish a uniform factor of 0.9 by which the index movement should be governed for purposes of periodic adjustments between surveys;

(xlviii) That interim adjustments should not take place for a six-month period prior to the reference date of a survey. Any payments due to staff as a result of this postponement would be applicable retroactively if this were justified by the survey results;

(f) Recruitment, retention and grade overlap

(xlix) That further study on the issue of recruitment and retention was not warranted at this time;

(l) To note the current extent of the grade overlap between the remuneration of the General Service and related categories and the Professional category as identified by JIU and to recall in this regard that the salaries of the two categories of staff were based on two distinctly different methodologies;

232. The Commission further decided:

(a) That the changes in the methodology, as a result of its decisions, should be incorporated in a revised methodology; it instructed its secretariat to reorder and present for adoption a revised methodology to the Commission at its thirty-seventh session; and

(b) That until that time, any survey preparations should be conducted on the basis of the current methodology, as modified by the decisions taken at the current session.

233. Following its completion of this issue, the Commission agreed on arrangements for undertaking the review in 1993 of the general methodology for surveys of best prevailing conditions at non-headquarters duty stations.

CHAPTER VI

CONDITIONS OF SERVICE APPLICABLE TO BOTH CATEGORIES

Review of the level of the education grant and methodology to determine its level

234. In ICSC/36/CRP.9/Add.14, the Commission recommended to the General Assembly an increase in the education grant in respect of expenditures incurred in five specific currencies (deutsche marks, Spanish pesetas, Italian lire, United Kingdom pounds and United States dollars). Since that was the first time that an adjustment in the grant had been made on a currency-specific, as opposed to a global basis, the Commission considered that it should undertake a full study of the process for setting education grant levels in the context of a differentiated adjustment system. Its recommendations should be of an interim nature, pending such a study. The General Assembly endorsed the Commission's recommendations and took note of its intention to conduct a methodological review.

235. The issue was considered by the Commission in 1991 and 1992, on the basis of methodological proposals by CCAQ. In 1992 at its spring session, the Commission decided to approve in principle a revised methodology for determining education grant levels. On the basis of the methodology, CCAQ collected data on education-related expenditures and costs for a review of the level of the grant by the Commission.

Views of the organizations

236. The Chairman of CCAQ recalled that the methodology which the Commission had approved in principle was designed to provide a sound basis for determining the adequacy of education grant levels and adjusting them, over time, in the context of a system whereby the amount of the grant was differentiated by currency area. The new data collection methods applied (that is, use of a standard software package) had yielded a highly representative sample, which included a 100 per cent return for some organizations. Data on movements in school fees since the previous review had also been significantly amplified. The methodology required an analysis first of education-related expenditures of staff, and then of movements in school fees. The adjustment warranted was determined on the basis of movements in both of those indicators. So far as expenditures were concerned, he emphasized that these were actual expenditures in respect of specified admissible items, based on documentary evidence (receipts), up to 75 per cent of the maximum level established. In other words, reimbursement was limited to 75 per cent of actually incurred expenses.

237. The results of the current review showed upward adjustments to be warranted in respect of five currencies: the Finnish markka, the Italian lira, the Netherlands guilder, the pound sterling and the United States dollar. He recalled the Commission's suggestion at its spring session, that account should be taken in the data analysis of the different components of the so-called United States dollar area (that is, expenditures in United States dollars in the United States, and those made elsewhere either in United States dollars or in third currencies not separately identified for purposes

of determining maximum grant levels). CCAQ had provided a breakdown of these components, and had concluded that it was viable to consider cost data in United States dollars in the United States as a separate component for the purposes of the current review. CCAQ noted that the methodology was technically sound and that this first application had worked well.

Views of the staff representatives

238. At the Commission's spring session in 1992, the President of FICSA stated that the existing system for determining the level of the education grant should be simplified by the straight reimbursement of 75 per cent of allowable education costs. The possibility of receiving the grant in local currency should be retained. FICSA supported the position that cost data for all three education levels should be used to determine when the grant should be adjusted. When those costs exceeded the existing grant by 5 per cent, an adjustment should be made; FICSA could see no reason to have a further trigger point. FICSA would expect that ICSC, at its thirty-sixth session, would recommend whatever adjustment was justified by costs. There should be a periodic review every two years.

239. The representative of CCISUA noted that the methodology for calculating the education grant, as approved in principle, was technically sound and an improvement over the previous global approach. Under the new methodology, increases were given only where they were due, instead of everywhere in the system, by an amount based on the actual increase of education prices at each duty station rather than on a global average. She recalled that the grant reimbursed only 75 per cent of incurred costs and was not an across-the-board allowance. Consequently, staff in low-education-cost locations had an advantage over colleagues in areas where education costs were high and who were only partly reimbursed for substantial education expenses. The study conducted by CCAQ, which proposed increases in five currencies, supported the contention of CCISUA that both for the trigger and the percentage increases, United States data should not be averaged out with those of other countries in the so-called "dollar area", since costs in the United States followed a different pattern from those in other "dollar area" duty stations. Since this was the first time the methodology had been applied, there was still room for improvement. In that regard, it should be noted that the percentage of cases where staff members paid more than 10 per cent above the maximum allowable expenses in United States dollars, pounds sterling and Netherlands guilders was very high. CCISUA, therefore, was disappointed that the proposals to increase the allowance for the pound sterling and the United States dollar were below those necessary according to the increment of fees. There was a built-in imbalance in the existing system. From the information supplied, it was obvious that, in most countries, even after the selective 1990 increase of the education grant, fees were still well below maximum allowable expenditures. The opposite was true of the United States and the United Kingdom. CCISUA requested that, at the time of the next education grant review in 1994, boarding fees for the United States be included in the fee information, as it had been done for other duty stations, and that a breakdown in 10 per cent bands be provided of cases where staff members were paying more than 10 per cent above the maximum admissible expenditure.

Discussion by the Commission

240. When it reviewed the proposed methodology at its spring session in 1992, the Commission noted that it combined the concepts of costs (staff members' actual admissible expenditures) and prices (school fees). The methodology thus provided for two triggers: one would be activated when 5 per cent or more of reported cases reflected actual admissable expenditures exceeding existing ceilings, and the other, when school fees had increased by 5 per cent or more in the period since the previous review. Those trigger points would be used when reviewing the need for an adjustment in education grant levels. The Commission also noted that reimbursements were made on the basis of receipts and other supporting documents and that CCAQ was prepared to meet the administrative requirements of a biennial review, in accordance with the proposed methodology, utilizing an automated programme designed for that purpose.

241. At its summer session of 1992, the Commission considered the first review of the level of the education grant conducted using the revised methodology (see annex VII below for a summary of the methodology). It noted with appreciation the clarity of the CCAQ study, which included an analysis of some 60 per cent of the total claims processed by organizations for the academic year 1990-1991. The analysis encompassed the 17 currency areas for which discrete amounts had been established (see annex VIII below). The results of the expenditure data were reviewed. The Commission noted that a determination had been made of the number of claims in each currency which exceeded the maximum admissible level. The currencies in which the threshold (5 per cent or more of reported cases) had been reached during the academic year 1990-1991 were: Finnish markka: 6.5 per cent; Italian lira: 6.3 per cent; Netherlands guilder: 7.1 per cent; pound sterling: 29.5 per cent; United States dollar (in the United States): 24.6 per cent.

242. As CCAQ had noted, the Commission had suggested that in the analysis of the United States dollar expenditures, account should be taken of the fact that the so-called United States dollar area comprised both expenditures made in United States dollars in the United States and those made in a wide range of other currencies which were converted into United States dollars for administrative purposes. The 5 per cent trigger for the number of cases of actual admissible expenses exceeding the education grant ceiling was activated both for the United States dollar area as a whole (9.8 per cent of cases), and for the United States within the United States dollar area (24.6 per cent of cases). The secretariat pointed out that the methodology already adopted in principle had foreseen the possibility of analysis of the United States dollar area in terms of its separate components. Accordingly, the CCAQ approach to this matter appeared to be consistent with the relevant provisions of the methodology.

243. In accordance with the methodology, CCAQ had also analysed the movement of fees in the various currency areas. The Commission recalled that it had asked for fee data to be provided for at least two, and up to six schools in all headquarters locations and in a range of key regional and other field duty stations. Formerly such data had been collected in respect of headquarters locations only. Data for 23 countries covering 25 locations were now provided. It was noted that fees for schooling had increased on average at a rate of approximately 10 per cent per year in almost all locations, even those where there were very few, if any, children of United Nations staff members.

244. Once the currencies for which a change in the education grant level was triggered had been identified, the next stage in the methodology was to determine the amount by which the level of the education grant should be increased in the different areas. The Commission noted that the extent to which the number of claims exceeded the current maximum levels varied in each of the five currency areas. The trigger points for adjustment had been met as shown below:

	Finnish markka	Italian lira	Netherlands guilder	Pound sterling	United States dollar in the United States
Cases up to 10 per cent above the maximum	2 (6.5%)	21 (5.1%)	1 (1.78%)	49 (8.01%)	111 (6.3%)
Cases more than 10 per cent above the maximum	0	5 (1.2%)	3 (5.35%)	131 (21.44%)	323 (18.3%)
Total above the maximum	2 (6.5%)	26 (6.3%)	4 (7.1%)	180 (29.5%)	434 (24.6%)

245. In analysing the results of the review, the Commission noted that, in the case of the Finnish markka and the Italian lira, the majority of claims exceeding the current maxima fell within a 10 per cent band above the ceiling. In the other three currencies, the majority of cases were more than 10 per cent higher than the current maxima. A larger increase would therefore appear to be warranted in these last three cases.

246. Some members of the Commission were of the view that the 5 per cent trigger relating to reported cases above the ceiling could be a very sensitive measure, particularly at locations where the total number of cases was very small. They queried whether in such instances equity of treatment was provided vis-à-vis locations with a larger concentration of cases.

247. The Commission noted that CCAQ had also considered this matter, but had concluded that, in order to maintain the integrity of this first application of the methodology, all cases which met the first trigger point should be included. The ICSC secretariat pointed out that more detailed cost data showing the number of cases in bands of 10-20 per cent, 20-30 per cent and 30-40 per cent above the ceilings would be desirable in the future. That would allow a better determination of required increases by showing the percentage of cases above the ceilings both before and after the proposed increases in entitlements. The secretariat also noted that the methodology provided for adjustments to be made on the basis of movement of not only costs, but also fees. On that basis, larger adjustments in the United States dollar and United Kingdom sterling areas than those recommended by CCAQ might have been justified.

248. The Commission noted that the factors of costs and fees were taken into account in the recommendations of the Consultative Committee on Administrative Questions for increases in the five currencies, as follows:

	Maximum admissible level		Maximum education grant		Recommended increase	Fee increases 1991-1992 over 1989-1990
	(a)	(b)	(c)	(d)	(e)	(f)
	Current	Proposed	Current	Proposed	Percentage	
Finnish markka	48 600	54 000	36 450	40 500	11.1	11.8
Italian lira	15 397 200	18 000 000	11 549 997	13 500 000	16.9	18.0
Netherlands guilder	23 850	27 000	17 887	20 250	13.2	12.2
Pound sterling	7 183	9 000	5 387	6 750	25.3	29.9
United States dollar	11 000	13 000	8 250	9 750	18.2	21.7

Financial implications

249. The Commission noted that the system-wide cost implications of the proposed increases were estimated at approximately $1.6 million per annum for the system in respect of the increase in the maximum reimbursable level and $992,000 per annum in respect of the increase in boarding costs.

250. The Commission considered that it would be desirable in the future to have an indication of the total cost to the common system of education grant entitlements and requested CCAQ to make that information available at the time of the next review. The Commission noted that, should any anomalies arise in the implementation of the education grant system, it would expect that CCAQ would bring such matters to the attention of the Commission.

Decisions by the Commission

251. The Commission decided to approve the methodology for determining the level of the education grant, as reflected in annex VII below. It noted that the methodology would be reviewed in 1995 in the light of experience in its application. As a part of that review, data on the boarding element would be collected for all locations where separate overall ceilings had been

established. The treatment of the lump-sum reimbursement for board would also be reviewed at that time.

252. The Commission decided to recommend to the General Assembly that:

(a) In areas where education-related expenses were incurred in Austrian schillings, Belgian francs, CFA francs, Danish kroner, French francs, Deutsche mark, Irish pounds, Japanese yen, Norwegian kroner, Spanish pesetas, Swedish kronor and Swiss francs, the maximum amount of admissible expenses, the maximum grant and the ceiling on boarding costs should remain unchanged;

(b) In areas where education-related expenses were incurred in Finnish markka, Italian lira, and Netherlands guilders and United Kingdom pounds, as well as for the United States dollar area, the maximum amount of admissible expenses, the maximum grant and the ceiling for boarding costs applicable as from the school year in progress on 1 January 1993 should be set as shown below:

Currency	Maximum admissible education expenses (local currency)	Maximum grant (local currency)	Ceiling for boarding (local currency)
Finnish markka	54 000	40 500	12 000
Italian lira	18 000 000	13 500 000	4 000 000
Netherlands guilder	27 000	20 250	6 000
United Kingdom pound	9 000	6 750	2 000
United States dollar area	13 000	9 750	2 900

For the above currency areas, the amount of the special education grant for a disabled child should be equal to 100 per cent of the revised amounts of maximum admissible educational expenses for the regular education grant;

(c) The amount of additional reimbursement of boarding costs over and above the maximum grant payable to staff members at designated duty stations should be maintained at the present level in respect of all currency areas.

CHAPTER VII

CONDITIONS OF SERVICE IN THE FIELD

Review of the mobility and hardship scheme

253. The current mobility and hardship scheme was approved by the General Assembly in resolution 44/198 as part of the package of measures resulting from the 1989 comprehensive review of conditions of service of staff in the Professional and higher categories. Like the other measures in the package, the scheme went into effect on 1 July 1990.

254. In approving the scheme, the General Assembly requested the Commission to report to the Assembly at its forty-seventh session in 1992 on the operation of the mobility and hardship allowance and the assignment grant. That request was reiterated at the forty-fifth session (resolution 45/241) and the forty-sixth session (resolution 46/191). On the latter occasion, the Assembly, taking into account the views expressed in the Fifth Committee on the matter, in particular on the link between the floor net salary scale and the mobility and hardship allowance, also asked the Commission to include in its report on the subject "a cost-benefit analysis of the operation of the mobility and hardship allowance, as well as an assessment of the personnel management benefits and details of savings achieved in other administrative costs with the introduction of the current arrangements" (resolution 46/191, sect. V, para. 1).

255. The Commission undertook this review in 1992 at its summer session on the basis of an analysis of the following elements:

(a) A description of the current mobility and hardship package, including its relationship to the arrangements applicable before July 1990;

(b) A review of the framework within which the scheme operates (mandates of common system organizations, structure, reassignment policies);

(c) An analysis of the operation of the scheme since its introduction;

(d) A comparison of United Nations and comparator arrangements;

(e) The linkage between the base/floor salary scale and the mobility and hardship allowance.

Views of the organizations

256. The Chairman of CCAQ welcomed the review before the Commission, which had been undertaken in close consultation with the organizations. In general, the scheme was working well, especially for those organizations which had developed policies for staff mobility; for those organizations, mobility patterns had been rationalized as a result of the introduction of the scheme. In general, the scheme appeared to have met expectations: its benefits had been both tangible and intangible and the levels of the mobility and hardship allowance were not unreasonable in comparison with the field allowances provided by the comparator. CCAQ concurred with the view that, as the scheme

had been in operation for barely two years, it would be inappropriate to make any changes at present. It could support all the conclusions and recommendations of the review.

257. The Chairman reiterated the importance CCAQ attached to maintaining the link between the mobility and hardship allowance and a base/floor salary scale, which should be regularly updated on an annual basis. It was evident that the annual updating of the base/floor scale and the consequent increases in the mobility and hardship allowance had been in consonance with the changes made by the comparator to its own field package.

258. The representative of UNDP stated that the mobility and hardship scheme had worked extremely well for UNDP. It had assisted in the recruitment and retention of the staff the Programme needed, and had facilitated the effective deployment of its staff. In addition, UNDP had been able to introduce greater stability into its operational activities by extending the duration of assignments. It was currently reviewing a further extension of the length of those assignments.

Views of the staff representatives

259. The representative of CCISUA stated that the development of the mobility and hardship package was the most positive outcome of the comprehensive review of the conditions of service of the Professional and higher categories. CCISUA strongly supported the continuation of the package in its present form.

Discussion by the Commission

260. The Commission recalled that the mobility and hardship package, consisting of the mobility and hardship allowance and the assignment grant, had been intended to provide an improvement over the arrangements previously in place. It was designed to respond in a more focused way to the organizations' requirements in terms of the recruitment, retention and rotation of their staff, as well as the deployment of staff to difficult locations. The package had consolidated a number of pre-existing allowances in the area of mobility and hardship with a view to making the system more transparent and easier to administer. During the comprehensive review, the Commission had encountered doubts in certain quarters about the need for and desirability of the enhanced package, but it had persevered with its development because of the priority it attached to having a competitive remuneration package for staff serving at the cutting edge of development.

261. The Commission noted at the outset that the mobility and hardship scheme was not an end in itself. It had been designed as a management tool to assist the organizations in meeting their requirements in respect of rotation and assignment to hardship locations. Those requirements varied considerably among the various common system organizations as a function of their differing mandates and objectives. Thus, organizations whose mandates required highly operational and field-oriented activities (for example, coordination of development activities, support of programmes for mothers and children, provision of food aid, assistance to refugees), had developed structures and policies to support those mandates. Organizations whose activities were mainly of a normative or non-operational nature had little operational need for mobility and/or for hardship assignments. Other agencies' field

operations were, in the main, carried out by experts recruited for the duration of a specific project; their need for staff rotation was therefore less, but they did need to recruit staff for service at hardship locations. Still other organizations, while requiring staff rotation, did not have reassignment policies as such.

262. The Commission noted the organizations' assessment that the present package was a considerable improvement over prior arrangements and had met the expectations placed in it. However, the scheme worked better for career staff than for project experts and there were still some cases in which it was not meeting organizations' rotation needs. It was considered by some organizations that the imbalance between duty stations in category H and those in categories A to E had served as a disincentive for staff to return to headquarters locations from a field assignment.

263. The Commission also noted in that connection that some organizations were experiencing difficulties in reassigning staff from headquarters to the field, because even with the enhanced package, they could still expect a significant drop in income. It observed that those difficulties had as much to do with an organization's personnel policy objectives and with common-system compensation policies as with the scheme itself. In that connection, the Commission expressed the view that the mobility and hardship scheme could not, alone, be expected to meet the organizations' staff deployment needs. It was suggested that the reassignment difficulties cited by some organizations would be mitigated if the scheme were backed up by a reassignment policy which linked career advancement to rotation.

264. The Commission noted that many technical cooperation personnel, with a long service history, but occasional breaks in service, received no mobility incentive, since the payment of the mobility element of the scheme was contingent upon five years' continuous service. The Commission recalled that it had not been possible, in the context of the comprehensive review, to consider in any depth the conditions of employment of Professional staff hired for limited periods of time, including technical cooperation staff. It had informed the General Assembly that it would be necessary to study, at the earliest opportunity, the desirability of establishing a separate remuneration package for such staff. 27/ That matter was now on the Commission's work programme for 1993.

265. The Commission was informed that the scheme had yielded a number of tangible and intangible benefits, including improved assignment and reassigment planning procedures, with a reduction in associated staff costs; reduced travel and installation-related costs; reduced staff turnover, resulting in lower administrative and shipping costs and increased productivity. The package had, moreover, facilitated the filling of vacancies in difficult locations (often those where organizations had the greatest need for skilled and dedicated staff) and promoted a better mix of experience and talents in field locations. It had raised staff morale significantly and had increased confidence in a more transparent system.

266. With regard to administrative savings deriving from the scheme, the Commission noted that several agencies with structured reassignment patterns had been able to adjust them as a result of the scheme's existence, thereby realizing substantial savings. In addition, some agencies had been able to

reduce removal costs by paying the non-removal element of the mobility and hardship allowance together with a limited shipment of personal effects, instead of granting a full removal entitlement. That was reported as being a more cost-effective arrangement for an assignment of limited duration. Furthermore, administrative costs had been reduced as a result of the elimination of the 18-month home leave cycle and the discontinuation of reimbursement of pre-departure expenses and time off for medical check-ups.

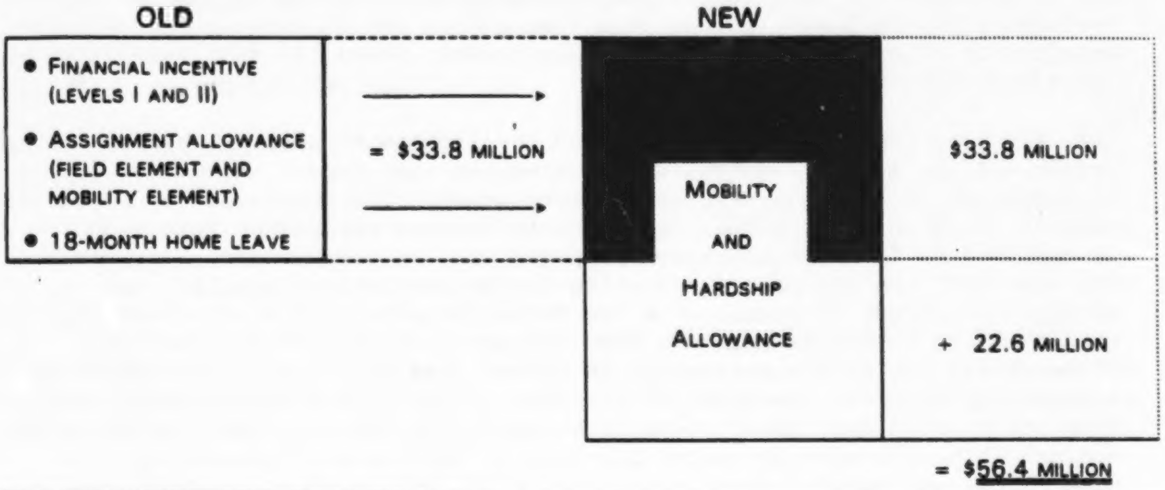
267. The Commission next examined a series of suggestions by the organizations for improvements in the scheme. Noting that the scheme had been in effect for barely two years and its full impact had yet to be gauged, it concluded that it would be premature to envisage changes at the current stage. The Commission considered, however, that these suggestions should be taken up in conjunction with the next review of the scheme, which should be undertaken in 1995. In the meantime, it urged the organizations to give priority to a full review of other possible improvements in the conditions of service of staff in the field. Those include measures to address the problem of separate households and to enhance spouse employment; and the improvement of local facilities through the provision of housing, medical facilities/dispensaries, recreational facilities etc.

268. With regard to the actual utilization of the scheme, the Commission took note of statistical data provided by the organizations reflecting the situation as at the end of 1991. Those data, covering some 8,000 cases of payment of the mobility and hardship allowance, are given in annex IX below. The Commission noted that, for this first review, there had been some initial reporting problems and the data were not fully complete. It considered, however, that they represented a more than adequate sample. In examining the data, the Commission first observed that a large proportion of Professional and higher category staff received no mobility or hardship allowance. These were staff stationed at H locations who had a full removal entitlement and who received no mobility payment, as well as staff in A locations on the first assignment, or with less than five years' service, and a full removal entitlement; this latter group would include large numbers of staff in the regional commissions with assignment durations which made the payment of full household removal cost-effective.

269. The Commission further noted that the largest single group of staff in receipt of the allowance was in category A locations. This was owing to the fact that many of the large regional offices were in that category; indeed, under the hardship scheme, nearly 40 per cent of all capital cities in the field were in category A duty stations. In terms of number of assignments, the majority of staff was on the first assignment. Numbers thereafter generally declined, with an increase on the fifth assignment. This was because, for payment purposes, the matrix stopped the fifth assignment, whereas there were a certain number of staff (some 5 per cent) who had accumulated more than five assignments.

270. The Commission noted that the utilization data available translated into a system-wide cost of the mobility and hardship allowance of $53.8 million as at 31 December 1991. The maximum adjustment that would need to be made to that figure to account for missing data (estimated at a maximum of 1,000 cases) would be $8 million, bringing the total cost of the package as at the end of December 1991 to some $62 million.

271. In that connection, the Commission recalled that, at the time of the introduction of the mobility and hardship allowance, the total cost to the system had been estimated at $56.4 million. That figure incorporated costs of $33.8 million represented by pre-existing mobility and hardship entitlements which had been repackaged into the new system as follows:


OLD
NEW
• Financial incentive (levels I and II)
• Assignment allowance (field element and mobility element)
• 18-month home leave
= $33.8 million
Mobility and Hardship Allowance
$33.8 million
+ 22.6 million
= $56.4 million

272. The Commission went on to note that, since the introduction of the scheme, the base/floor salary scale had been adjusted twice: by 5 per cent effective 1 March 1991 and by 6 per cent effective 1 April 1992. The reference point used to calculate the amounts of the allowance, that is, the mid-point of the scale, had been increased accordingly. Consequently, the original cost estimates of the scheme had meanwhile increased to $62.8 million. This was extremely close to the revised costing figure of $62 million noted above. The Commission took note of the fact that both the original estimate and the revised costing figure could be considered as somewhat overstated.

273. The Commission next analysed information provided by the organizations on the utilization of the assignment grant during 1991. It noted that, as in the case of the mobility and hardship allowance, the figure reported incorporated costs which had existed prior to the introduction of the assignment grant, in the form of the installation grant, part of the former assignment allowance and the reimbursement of pre-departure expenses.

274. The Commission recalled that the assignment grant had been introduced on a cost-neutral basis, that is, at no additional cost to the system (on the assumption of an average assignment length of four years). It took note of reported total costs to the system of the assignment grant of $31 million as at the end of December 1991 ($18 million for the DSA element of the grant and $13 million for the lump-sum element). As in the case of the mobility and hardship allowance, that represented a baseline against which future costs could be measured.

275. The Commission then proceeded to a comparison between the field remuneration package available to the non-diplomatic staff of the comparator civil service and that of the United Nations system. In this respect, it recalled that, in establishing the framework for the comprehensive review, the General Assembly had noted that, "in reviewing the scope of all the current allowances payable in cases of mobility and hardship, the entitlements provided by the comparator for non-diplomatic expatriates may serve as a general point of reference" (resolution 43/226, sect. I, para. 4c (4)).

276. The results of that comparison indicated that the United States remuneration package was higher than that of the United Nations in the majority of cases, even on the fifth assignment, where the full benefit of the mobility incentive was felt.

277. Finally, the Commission considered the linkage between the base/floor salary and the mobility and hardship allowance - an aspect which the General Assembly had specifically requested it to study. The Commission noted in this respect that, while a certain relationship between the United States and United Nations field remuneration packages was, as noted above, accepted by the Assembly, the concept of adjusting the United Nations mobility and hardship allowance in tandem with the United Nations base/floor salary was not so well taken. This was despite the fact that the comparator's hardship differential was also a percentage of salary, and the amounts were adjusted accordingly whenever there was an increase in the United States base. The Commission noted that these concerns stemmed from the fact that the mobility and hardship allowance accounted for most of the costs occasioned by base/floor increases.

278. The Commission recalled that, when considering the introduction of the new scheme, it had attached particular importance to the criteria of simplicity and ease of understanding - features which had been a keynote of the guidance given by the General Assembly for the conduct of the comprehensive review. The simplicity of the mobility and hardship scheme and the transparency of its design were greatly appreciated by management and staff in a number of organizations; those features had helped to bolster confidence in the system and facilitate its management. Any alternative rationale for setting the amounts of the mobility and hardship allowance should, therefore, in the Commission's view, measure up to those same criteria. The Commission then considered what alternatives there might be to existing arrangements. One such alternative would be an allowance that related to certain external parameters, but had no percentage relationship to the United Nations base/floor salary. As the mobility and hardship matrix was built on a series of such percentages, however, their elimination would require a revamping of the package. Apart from the very considerable administrative and other work that this would entail, it appeared to the Commission that it would represent a step backwards in terms of transparency and simplicity of design.

279. A second alternative would be to retain the present design of the system, but to delink the adjustment process for the mobility and hardship allowance from that of the base/floor salary. That would, however, render somewhat meaningless the percentages in the matrix, as they would relate to a salary that was not in effect for any other purpose. The maintenance of two separate base/floor salary scales would be required. In that connection, the

Commission recalled that, in the interest of simplicity and streamlining of the system, efforts had been made under the comprehensive review to reduce the number of salary scales.

280. In view of the above, the Commission concluded that the existing linkage between the mobility and hardship allowance and the base/floor salary scale should be maintained.

281. In conclusion, the Commission wished to express its sincere appreciation for the contribution made by staff serving developmental and humanitarian causes, frequently in arduous and sometimes under dangerous conditions.

Decisions by the Commission

282. The Commission decided to:

(a) Take note of the assessment by the organizations that the scheme was, in general, operating satisfactorily, particularly for those organizations that had a strong functional need to rotate their staff and assign them to difficult locations;

(b) Note at the same time that certain difficulties had been reported with regard to the treatment of project and other non-career staff, as well as in certain cases the rotation of staff from headquarters to the field and vice versa, which required further study;

(c) Request its secretariat to keep those matters under review, in consultation with the organizations;

(d) Take note of the information provided on the utilization and costs of the scheme, which indicated that it was operating in line with the cost structure foreseen at the time of its introduction;

(e) Emphasize the need for timely and comprehensive information on the operation of the scheme;

(f) Request the organizations to give priority to a review of non-monetary and social measures in the area of mobility and hardship and to report on progress in that regard in the context of the next review of the scheme;

(g) Note that, as the scheme had been in operation for scarcely two years, its full effect had yet to be gauged; a follow-up review would therefore allow for the establishment of a more complete picture.

283. On the basis of the above conclusions, the Commission decided to report to the General Assembly that:

(a) The mobility and hardship scheme was, in general, operating satisfactorily in relation to its stated objectives, and the costs of the scheme appeared to be in line with the levels foreseen at the time of its introduction;

(b) In view of the need to monitor the operation of the scheme closely, as well as of the fact that a relatively short time had elapsed since its introduction, the Commission would review its operation again in 1995;

(c) In the meantime, it recommended that the existing parameters of the scheme be maintained, including the linkage between the mobility and hardship allowance and the base/floor salary.

CHAPTER VIII

ACTION TAKEN BY THE COMMISSION UNDER ARTICLE 14 OF ITS STATUTE

Report on the Status of Women in the United Nations System

284. In 1990, the Commission, at its summer session, established a Working Group on the Status of Women in the United Nations System with a mandate to identify the problems facing women in both the General Service and the Professional categories in the common system organizations and to aid the Commission in devising strategies for implementing its earlier recommendations in that area.

285. Subsequently, the General Assembly, in resolution 45/241, expressed concern at the "slow and uneven progress" in the organizations' implementation of earlier recommendations and requests on the status of women, and invited the "Commission, working together with the organizations of the common system and with the staff representatives, to examine specific and practical steps to translate [earlier] recommendations and requests ... into action and to report thereon to the General Assembly at its forty-seventh session".

286. The Commission examined the report of the above-mentioned Working Group, which was structured around five main subject areas: (a) recruitment; (b) career progression; (c) work/family-related issues; (d) work climate, attitudinal issues; and (e) follow-up mechanisms. In each of those, the Group had reviewed earlier recommendations and progress made in their application. The full text of the Working Group's report will be made available for the information of Member States. An overview of targets, focal points and women's groups in the various common system organizations is given in annex X below.

Views of the organizations

287. CCAQ welcomed the report for its thorough exploration of the subject and for its recognition of the need to bring the issue of the status of women in the common system into the mainstream. The report made it clear that, while considerable progress had been made in that respect, the overall situation was still far from satisfactory; the report was useful because of its emphasis on practical measures likely to produce tangible results. Some of the Working Group's recommendations on recruitment and career progression had to be balanced with the need to give priority to the requirements of the Charter of the United Nations, notably the qualifications and competence of staff. Moreover, organizations were currently handicapped by budgetary constraints. In some of the technical organizations, an additional difficulty continued to be the small number of women candidates put forward by national administrations; while good female candidates no doubt existed in many disciplines, it was not always easy for organizations to locate them. CCAQ concluded by confirming that it would give close attention to the conclusions and recommendations of the Working Group.

288. The representatives of several organizations emphasized that Member States themselves also had an important role to play in identifying and putting forward qualified women candidates, particularly in the specialized technical disciplines.

Views of the staff representatives

289. FICSA expressed its appreciation of the report, which represented a serious attempt to stimulate the organizations to grant women their rightful place in the common system. FICSA felt that progress to date had been extremely slow and underlined the importance of a change in mentality if there were to be any hope for change. The Working Group's recommendations addressed primarily the situation of women at headquarters duty stations, although women in the field faced specific problems (in particular, very low career ceilings with no prospect of advancement from the General Service to the Professional category and job insecurity). FICSA stressed that the work of General Service staff, especially of women, was still undervalued in the classification system and correspondingly underpaid. For the above reasons, it was of paramount importance that the follow-up by organizations of the recommendations contained in the report be closely monitored.

290. The representative of CCISUA welcomed the report with its comprehensive overview of the vast number of shortcomings and the measures needed to overcome the current poor situation. The report could serve as a reference point against which future progress could be measured. CCISUA hoped that the adoption and implementation of the report would mark a watershed for the improvement of the status of women and that henceforward the Commission and individual organizations would commit themselves to integrating women's concerns into mainstream policies. Women were fully capable of achieving success through merit, provided there was an equitable and transparent system for recruitment, career development and promotion. CCISUA urged that the Working Group's full report be presented to the General Assembly and thereafter be given the widest possible dissemination.

Discussion by the Commission

291. The Commission expressed its appreciation to the Working Group for the objective and realistic manner in which it had approached its work, which had resulted in a comprehensive set of balanced and practical recommendations. The Commission recognized that the Group's recommendations should be seen as a minimum set of objectives and should in no way deter organizations that might have gone further from continuing their efforts.

292. While acknowledging that some progress had been made over the last decade towards equal participation of women in the activities of the organizations, the Commission felt that deep-seated attitudes and preconceptions continued to impede more rapid development in that area, particularly with regard to the representation of women at senior policy- and decision-making levels. It saw two elements as of crucial importance in overcoming a lack of will and fostering attitudinal change: one was rigorous follow-up and the other was the regular publicizing of results achieved.

293. On the question of follow-up to the Working Group's report at the common-system level, the Commission concluded that it would be appropriate to consider in 1993 additional statistical data on the situation of women. Thereafter, and starting in 1994, the Commission would consider biennial progress reports that would include statistical data. The Commission emphasized the importance of monitoring closely progress within the

organizations. In that regard, the regular distribution of information on initiatives taken and progress achieved in different organizations would serve to stimulate innovation and progress in others. The Commission requested its secretariat to investigate how that clearing-house function might best be performed.

294. Regarding publicity, the Commission considered that the report of the Working Group itself should be disseminated as widely as possible. The secretariat was requested to ensure that the full text of the Working Group's report was made available to the General Assembly and to such forums as the United Nations Commission on the Status of Women, non-governmental organizations active in the area of women's participation and other interested parties. The secretariat was also requested to prepare a pamphlet highlighting the salient points of the Working Group's report for wide distribution.

295. It was also suggested that one of the reasons for the less than active follow-up of certain recommendations by the organizations might be that some concerns were less relevant to some agencies than others; the ICSC secretariat might coordinate attitude surveys within the organizations to ascertain actual needs.

Decisions of the Commission

296. The Commission decided to endorse the following recommendations of the Working Group on the Status of Women and to commend them for speedy implementation:

(a) Overall strategy/policy. The organizations should develop an overall strategy for improving the status of women, consisting of a policy statement issued by the executive head and/or the legislative body articulating the organization's commitment to improving the participation of women in its activities, as well as clearly defined goals (preferably within a specific time-frame), and a guarantee by the executive head of management's commitment to the policy, to ensure accountability and facilitate implementation.

(b) Targets/objectives for the representation of women in the Professional and higher categories. It was reaffirmed that targets or quantitative objectives were useful tools for measuring progress in improving the representation of women even though modalities for setting them might differ among agencies. To broaden recruitment sources, the ICSC secretariat was asked to expand distribution of the ICSC vacancy announcement bulletin; and CCAQ was asked to reactivate its earlier initiative on the exchange of roster data. With respect to project staff, the Commission invited the National Recruitment Services (NRS) at their next meeting to identify more specific means of recruiting women for project posts; other recruitment channels should also be investigated. The Commission recommended that organizations undertake the following action:

(i) Request governing bodies to place the issue of the improvement of the status of women on their agendas on a regular basis;

(ii) Pool resources on recruitment missions; request another agency to follow up on an identified candidate and staff travelling on mission to interview candidates; increase cooperation among agency representatives at the field level;

(iii) Use technical cooperation programmes and projects to identify suitable women candidates at the national level; and make greater use, for both core and project posts, of Junior Professional Officers, Associate Experts, Associate Officers and United Nations Volunteers;

(iv) Where candidates had to be submitted through national administrations, impress upon the latter the importance of submitting women candidates and devise special outreach measures;

(v) Advertise in local publications, particularly in developing countries;

(vi) Ask heads of field offices to identify potential women candidates and to bring recruitment information to the attention of the local women's groups and organizations; integrate those functions into the pre-assignment briefing package given to senior field representatives;

(vii) Update agency rosters on a regular basis and at least annually;

(viii) Systematize the rostering of qualified but unsuccessful candidates and ask them if they were willing to have their curricula vitae shared with other organizations;

(ix) Incorporate departmental rosters into the organization's main roster on a regular basis.

(c) Career progression. The Commission recognized the difficulty of making progress in this area in the absence of an overall career development plan. It reiterated the need for organizations to develop inventories of skills of serving staff.

(d) General Service category. The Commission requested its secretariat to convene in 1993 a follow-up to the 1983 and 1984 symposia on human resources planning for the General Service category.

(e) Professional category and above. The Commission recommended that organizations:

(i) Assist women, especially those in occupational groups with low career ceilings, to enhance their professional skills through training, sabbaticals and rotational assignments;

(ii) To the extent compatible with the organization's operational requirements, ensure that staffing tables were designed so as to provide a logical career progression;

(iii) Increase women's participation in personnel advisory and administrative boards and in intergovernmental meetings and field missions;

(iv) Provide specific guidelines to their appointment and promotion bodies, including instructions as to the respective weights to be accorded to such factors as qualifications, seniority, gender and, where appropriate, mobility;

(v) Identify occupational groups that were well populated by women and earmark posts to be filled by women;

(vi) Establish, by grade level and occupational group, lists of qualified women eligible for promotion.

(f) Work/family-related issues. The Commission requested CCAQ to reactivate its 1987 plan to assess the requirements for child-care facilities at major duty stations and to examine the need for a general policy thereon. It recommended to organizations the following action:

(i) Introducing flexible working hours (if not already in place);

(ii) Offering the option of part-time work for Professional as well as General Service staff, both on recruitment and to serving staff;

(iii) Targeting occupational groups for pilot, job-sharing schemes;

(iv) Monitoring trends in flexi-place (telecommuting) and considering the introduction of such arrangements.

(g) Child-care. The Commission recommended the following action by organizations:

(i) Assist, to the extent possible, in the financing of child-care facilities; and

(ii) Consider granting subsidies to staff below a certain income bracket.

(h) Spouse employment. The Commission noted that a policy of facilitating the employment of spouses could assist in the recruitment and retention of staff and was an important element in staff rotation. It endorsed the recommendations of the June 1991 Spouse Employment Meeting of the United Nations Development Programme (UNDP). The Commission also recommended a review and update of the General Assembly resolution whereby Governments were invited to grant work permits to accompanying spouses of members of diplomatic missions and intergovernmental organizations. The following action by organizations was also recommended:

(i) Review the considerations that had led, in some organizations, to a policy of employing staff members' spouses on an exceptional basis only;

(ii) Establish reciprocal arrangements for employing spouses of serving staff;

(iii) Share rosters of available posts and candidates;

(iv) Develop a spouse skills inventory at duty stations where several organizations are located;

(v) Expand cooperation with bilateral aid agencies, non-governmental organizations, missions etc.;

(vi) Inform newly recruited and transferred staff members fully about employment possibilities in the location of assignment; ask regional and area offices to include such information in the briefing packages provided to staff.

(i) Leave arrangements. The following action by organizations was recommended:

(i) Consider amending staff rules/regulations/practices to include child care among the reasons for which special leave might be granted;

(ii) Consider flexible approaches to maternity leave within existing entitlements.

(j) Organizational climate, attitudinal issues etc. The Commission reaffirmed the crucial importance of an organizational climate conducive to the equal participation of women and men in the work of the organizations at all levels. It suggested a number of practical steps to foster a more collegiate climate. As those included training, the Commission wished either its secretariat or the CCAQ secretariat to act as a clearing house for information on training modules related to attitudinal change. The Commission recommended that organizations undertake the following action:

(i) Continue efforts to eliminate all gender-biased language;

(ii) Develop policies against sexual harassment in the workplace and share all available information on the subject, including national legislation.

(k) Follow-up: monitoring, reporting and accountability. The Commission emphasized the crucial importance of follow-up mechanisms, which should constitute a basic element of any organization's action plan. Such mechanisms should include:

(i) Establishment of a focal point for the improvement of the status of women at a sufficiently authoritative level to ensure that the mandate was carried out;

(ii) Regular reporting of progress in the manner most likely to create a climate of accountability;

(iii) Reinforcement of individual managers' accountability by:

- Periodically publicizing departmental statistics on women on an agency-wide basis;

- Requesting executive heads to include in their annual or periodic addresses a specific reference to departmental performance regarding women's representation;
- Building into managers' functions responsibility for carrying out organizational policy on women and reporting on progress achieved.

297. The Commission also decided to request its secretariat to collect statistical data on the representation of women in common-system organizations for consideration at its thirty-seventh session in the spring of 1993. Thereafter, and starting in 1994, the Commission would consider progress reports, including statistical data, on a biennial basis.

Notes

1/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 9 (A/47/9), para. 14.

2/ Ibid., Forty-sixth Session, Supplement No. 30 (A/46/30, vol. II, para. 13).

3/ International Civil Service Commission: Statute and Rules of Procedure ICSC/1/Rev.1 (United Nations publication, Sales No. 87.I.19).

4/ Official Records of the General Assembly, Forty-sixth Session, Supplement No. 30 (A/46/30), vol I, paras. 33-45.

5/ Ibid., para. 71.

6/ Ibid., para. 71 (b).

7/ Ibid., para. 71 (c).

8/ Ibid., Forty-fifth Session, Supplement No. 30 (A/45/30), paras. 55-57.

9/ Ibid., Forty-sixth Session, Supplement No. 30 (A/46/30), vol. I, paras. 79-90.

10/ Ibid.

11/ Ibid., Supplement No. 9 (A/46/9).

12/ Ibid., Fifteenth Session, Annexes, agenda item 63, document A/4427, para. 76.

13/ Ibid., Forty-first Session, Supplement No. 30 (A/41/30), para. 26.

14/ Ibid., Forty-fourth Session, Supplement No. 30 (A/44/30), vol. II, para. 173 (d).

Notes (continued)

15/ Ibid., Forty-fifth Session, Supplement No. 30 (A/45/30), paras. 95 and 96.

16/ Ibid., Forty-sixth Session, Supplement No. 30 (A/46/30), vol. I, para. 136.

17/ Ibid., Forty-first Session, Supplement No. 30 (A/41/30), paras. 61 to 74; ibid., Forty-second Session, Supplement No. 30 (A/42/30), paras. 53 to 87.

18/ Ibid., Forty-fourth Session, Supplement No. 30 (A/44/30), vol. II, paras. 159-160 and 173.

19/ Ibid., Forty-sixth Session, Supplement No. 30 (A/46/30), vol. I, para. 150 (a).

20/ Ibid., para. 150 (e).

21/ Ibid., Forty-fourth Session, Supplement No. 30 (A/44/30), vol. II, para. 429.

22/ Ibid., Forty-sixth Session, Supplement No. 30 (A/46/30), vol. I, paras. 11-15.

23/ Ibid., paras. 160-173.

24/ Ibid., annex VI.

25/ JIU/91/5.

26/ ICSC/1/Rev.1 (United Nations publication, Sales No. E.87.I.19).

27/ Official Records of the General Assembly, Forty-fourth Session, Supplement No. 30 (A/44/30), vol. II, para. 35.

ANNEXES

ANNEX I

Summary of statements by staff representatives

FICSA

The President of FICSA said that FICSA had made serious efforts to have a solid technical input into the discussions of the General Service salary survey methodology. The Federation felt, none the less, that its position had made no impression whatsoever on the Commission, which had proceeded to take negative decisions. ICSC had received a copy of the Staff Assembly resolution passed the previous week, in which it had stated that there should be no reductions. That was the staff position. FICSA considered that there were no technical grounds for the reductions decided by the Commission. In those conditions, FICSA would have no further relations with the Commission, at least on this particular subject (that is, review of General Service pensionable remuneration). Whether it would do so on any other subject would depend on the advice received from its people. FICSA repeated that there was neither technical justification nor procedural instructions in the United Nations General Assembly resolutions warranting reductions in General Service salaries and pensionable remuneration or tampering with the General Service pensionable remuneration methodology itself, which was functioning reasonably well. Furthermore, one should remember that reductions in General Service pensionable remuneration methodology would have long-term effects on the actuarial health of the Pension Fund.

CCISUA

The representative of CCISUA said that the decisions taken by ICSC on the methodology for determining the salaries of General Service staff, and the procedure used to arrive at those decisions, showed how far the Commissioners were prepared to go in their abuse of power, and in the partiality of their decisions. The Commission, without any regard for the "Flemming Principle" and with no constructive debate, had approved a series of restrictive measures which excluded the best employers from surveys and made it possible to manipulate the data. The Commission had gone so far as to put the ICSC secretariat in sole charge of the surveys and to make any implementation of survey results dependent on the financial implications. CCISUA considered that no future salary surveys conducted by ICSC under those conditions would be objective.

The next matter on which the Commission was to take decisions was the pensions of the General Service, affecting the future of 30,000 staff. CCISUA had to its dismay in the past learnt that, every time the Commission looked at the staff's pensions, there was a reduction. CCISUA had no illusion about the results of the upcoming discussions. It knew that, as usual, its point of view would not be taken into account and there would be more unjustified cuts in staff pensions. Under those circumstances, the CCISUA staff representative for matters pertaining to General Service staff had to inform the Commission that CCISUA had taken the serious decision no longer to participate as mere spectators in these deliberations. CCISUA would meet to analyse this decision further and decide what measures needed to be taken properly to defend the interests of staff.

ANNEX II

Comparison of pensionable remuneration

A. Comparison of pensionable remuneration amounts based on average amounts for the calendar year 1992

Grade	Pensionable remuneration amount		United Nations/ United States ratio	Weights for calculation of overall ratio c/
	United Nations a/	United States b/		
	(In United States dollars)			
P-1	41 210	25 161	163.8	1.4
P-2	54 956	38 221	143.8	11.1
P-3	68 701	51 281	134.0	24.2
P-4	82 447	64 342	128.1	29.1
P-5	96 192	77 402	124.3	23.2
D-1	109 938	90 462	121.5	8.1
D-2	123 684	103 523	119.5	2.9
Weighted average ratio before adjustment for cost-of-living differential, New York/Washington:				130.1
Cost-of-living ratio, New York/Washington:				110.5
Weighted average ratio, adjusted for cost-of-living difference:				117.7

a/ Regressed average United Nations salaries by grade.

b/ Regressed average salaries based on Washington, D.C. area United States federal civil service in comparable positions provided by the Office of Personnel Management to reflect published salary scales effective January 1992.

c/ These weights correspond to the United Nations common system staff in grades P-1 to D-2, inclusive, serving at Headquarters and established offices as at 31 December 1990.

B. United Nations, United States income replacement ratios

Period 1990-1992

Grade	Average net remuneration (United States dollars)		Pension benefit amounts as at 31 December 1992 (United States dollars)		Income replacement ratios	
	United Nations (a)	United States a/ (b)	United Nations (c)	United States a/ (d)	United Nations (c/a)	United States (d/b)
P-1	36 016	23 590	18 191	12 507	51	53
P-2	45 255	31 509	23 494	16 985	52	54
P-3	55 199	39 576	29 831	21 839	54	55
P-4	66 028	51 001	36 183	28 861	55	57
P-5	76 623	60 461	43 300	34 380	57	57
D-1	83 737	68 452	47 315	40 227	57	59
D-2	89 746	72 069	51 153	42 190	57	59
Weighted average					55	57

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a/ The average net remuneration and pension benefits figures for United States Federal Civil Service employees exclude data for medical doctors belonging to the Commissioned Corps, since part of their pay is non-pensionable and the pension benefit accumulation formula applicable to them is significantly different from that applicable to other United States Federal Civil Service employees in the Civil Service Retirement Scheme. For those in the Scheme, pension benefit after 25 years of service corresponds to 46.25 per cent of the average pensionable remuneration.

ANNEX III

Pension arrangements outside UNJSPF for elected ungraded officials: summary of the alternatives considered

(In United States dollars)

Pension benefit resulting from:	Net remuneration	Pensionable base	Annual contribution by executive heads	Annual cost to the organization	Pension benefit		
					Five years or 1 term	Ten years or 2 terms	Fifteen years or 3 terms
Pension Fund	142 462	170 394	13 461	26 922	12 799	27 689	44 728
Proposal of the Blanchard Group	142 462	142 462	11 254	b/	42 739	56 985	71 231
Alternative I	142 462	142 462	a/	b/	21 369	35 616	42 729
Alternative II	142 462	142 462	11 254	b/	28 492	42 739	49 862

a/ As no contribution is suggested under this approach from the officials concerned, their net remuneration while in service would be higher than that of their counterparts covered under the Pension Fund or under the alternative proposed by the Blanchard Group. At the end of one, two or three terms, this would result in savings of approximately $67,300, $134,600, or $201,900, not counting interest thereon, when comparisons are carried out with an equivalent-level official participating in the Pension Fund.

b/ Costs to the organizations for the provision of these pension benefits cannot be determined a priori.

c/ Under the Blanchard Group proposal, pension benefits could start at age 55 without any reduction in the level of the benefit.

(Percentage)

Income replacement ratios	1 term	2 terms	3 terms
Pension Fund	9.0	19.4	31.0
Blanchard Group proposal	30.0	40.0	50.0
Alternative I	15.0	25.0	30.0
Alterantive II	20.0	30.0	35.0

ANNEX IV

Staff assessment rates

A. Staff assessment rates for purposes of pensionable remuneration and pensions for the Professional and higher categories of staff

Total assessable payments (United States dollars)	Assessment rates (percentages)
First $15 000 per year	4
Next $10 000 per year	20
Next $10 000 per year	25
Next $20 000 per year	29
Next $20 000 per year	32
Next $20 000 per year	35
Next $30 000 per year	37
Remaining assessable payments	39

B. Staff assessment rates for the General Service and related categories

Total assessable payments (United States dollars)	Assessment (percentages)
First $2 000 per year	15
Next $2 000 per year	18
Next $2 000 per year	20
Next $2 000 per year	21
Next $4 000 per year	22
Next $4 000 per year	23
Next $4 000 per year	24
Next $6 000 per year	25
Next $6 000 per year	25.5
Next $6 000 per year	26
Next $8 000 per year	26.5
Next $8 000 per year	27
Next $8 000 per year	27.5
Next $8 000 per year	28
Remaining assessable payments	29

ANNEX V

Comparison of average net remuneration of United Nations officials in New York and United States officials in Washington, D.C. by equivalent grade

(Margin as at 1 April 1992)

Grade (1)	Net remuneration United Nations a/ (2)	 United States b/ (3)	United Nations/ United States ratio (United States Washington = 100) (4)	Weights for calculation for overall ratio c/ (5)
	(United States dollars)			
P-1	38 339	22 636	169.4	1.4
P-2	48 462	33 034	146.7	11.1
P-3	58 586	43 431	134.9	24.2
P-4	68 709	53 828	127.6	29.1
P-5	78 833	64 225	122.7	23.2
D-1	88 956	74 622	119.2	8.1
D-2	99 080	85 019	116.5	2.9

Weighted average ratio before adjustment for New York/Washington, D.C. cost-of-living differential:	129.9
New York/Washington, D.C. cost-of-living ratio:	110.5
Weighted average ratio, adjusted for cost-of-living difference:	117.6

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a/ Regressed average United Nations salaries by grade reflecting two months (multiplier 53.6), eight months (multiplier 45) and two months (multiplier 51.6).

b/ Regressed average salaries based on Washington area United States Federal Civil Service in comparable positions provided by the Office of Personnel Management to reflect published salary scales effective January 1992.

c/ These weights correspond to the United Nations common system staff in grades P-1 to D-2 inclusive, serving at Headquarters and established offices as at 31 December 1990.

ANNEX VI

Gross base salaries

A. Proposed base/floor salary scale for the Professional and higher categories: annual gross salaries and net equivalents after application of staff assessment a/

(United States dollars)

Level/Steps		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
USG	Gross	148 296														
	Net D	86 914														
	Net S	78 122														
ASG	Gross	134 454														
	Net D	79 716														
	Net S	72 087														
D-2	Gross	109 444	111 946	114 448	116 948	119 450	121 952									
	Net D	66 711	68 012	69 313	70 613	71 914	73 215									
	Net S	61 183	62 273	63 364	64 454	65 545	66 636									
D-1	Gross	96 315	98 417	100 529	102 667	104 810	106 952	109 094	111 237	113 377						
	Net D	59 847	60 961	62 075	63 187	64 301	65 415	66 529	67 643	68 756						
	Net S	55 304	56 308	57 296	58 228	59 162	60 096	61 030	61 964	62 897						
P-5	Gross	84 528	86 430	88 332	90 234	92 136	94 036	95 938	97 840	99 740	101 673	103 612	105 548	107 487		
	Net D	53 600	54 608	55 616	56 624	57 632	58 639	59 647	60 655	61 662	62 670	63 678	64 685	65 693		
	Net S	49 669	50 579	51 488	52 397	53 306	54 214	55 123	56 033	56 941	57 794	58 640	59 484	60 329		
P-4	Gross	69 020	70 843	72 661	74 480	76 302	78 120	79 941	81 794	83 649	85 502	87 355	89 213	91 066	92 921	94 775
	Net D	45 271	46 255	47 237	48 219	49 203	50 185	51 168	52 151	53 134	54 116	55 098	56 083	57 065	58 048	59 031
	Net S	42 103	43 000	43 894	44 789	45 686	46 580	47 476	48 363	49 249	50 135	51 021	51 909	52 795	53 681	54 567
P-3	Gross	55 753	57 431	59 111	60 787	62 467	64 145	65 839	67 550	69 259	70 970	72 680	74 389	76 098	77 807	79 519
	Net D	38 014	38 937	39 861	40 783	41 707	42 630	43 553	44 477	45 400	46 324	47 247	48 170	49 093	50 016	50 940
	Net S	35 520	36 356	37 192	38 027	38 864	39 699	40 538	41 380	42 220	43 062	43 904	44 744	45 585	46 426	47 268
P-2	Gross	44 351	45 779	47 226	48 675	50 123	51 572	53 021	54 468	55 953	57 453	58 953	60 456			
	Net D	31 517	32 344	33 169	33 995	34 820	35 646	36 472	37 297	38 124	38 949	39 774	40 601			
	Net S	29 603	30 359	31 110	31 862	32 614	33 366	34 118	34 869	35 620	36 367	37 114	37 862			
P-1	Gross	33 277	34 580	35 910	37 256	38 600	39 944	41 292	42 636	43 980	45 337					
	Net D	24 949	25 744	26 537	27 331	28 124	28 917	29 712	30 505	31 298	32 092					
	Net S	23 565	24 299	25 028	25 758	26 486	27 215	27 945	28 674	29 402	30 130					

a/ Excluding post adjustment amounts, if applicable.

B. Staff assessment rates for use in conjunction with gross base salaries and the gross amounts of separation payments for staff members with neither a dependent spouse nor a dependent child

Total assessable payments (United States dollars)	Staff assessment rates
First $15 000 per year	17.1
Next $ 5 000 per year	34.2
Next $ 5 000 per year	38.4
Next $ 5 000 per year	41.7
Next $ 5 000 per year	43.7
Next $10 000 per year	45.8
Next $10 000 per year	48.1
Next $10 000 per year	50.2
Next $15 000 per year	50.8
Next $20 000 per year	52.2
Remaining assessable payments	56.4

ANNEX VII

Methodology to determine the level of the education grant

(a) Starting in 1992, a regular biennial review cycle should be established;

(b) Data should be collected biennially on:

(i) Costs at all levels of education;

(ii) Tuition fees and other major elements of allowable expenditure at "representative" schools (that is, schools attended by the international community) at all locations/currency areas for which a distinct amount had been established. Such information should be collected in respect of the secondary level only;

(c) Periodic checks of "representative" schools should be conducted every four to six years;

(d) Currency areas should be maintained for the time being, except that steps should be taken to allow for separating the United States and Canada component from the rest of the United States dollar area, should cost data so warrant. Consideration should also be given to the option of setting grant maxima for the two components of the United States dollar area on the basis of either United States and Canada cost data alone, or separately on the basis of the cost data available for each of the respective (United States and Canada; other) components;

(e) The existing levels of the education grant ceiling should serve as the basis for adjustment. Data on actual expenditure and price data should be used for trigger points (percentage of cases exceeding the overall ceiling). Any adjustments should be made on the basis of movement of costs and fees:

(i) Costs. The trigger point should be 5 per cent of total cases at all levels of education;

(ii) Fee index. Actual movement of school fees (average of representative schools) in the period since the last review, taking into account fees for the forthcoming academic year, subject to a minimum threshold of 5 per cent;

(f) Fifty per cent of representative cases at all levels of education should be reported by every organization;

(g) Boarding element: data on boarding costs should be collected for all locations where separate overall ceilings have been established for consideration at the time of the next methodological review (1995);

(h) The possible different treatment of the lump sum for board should be reviewed in 1995.

ANNEX VIII

Analysis of claims for education year 1990-1991, by currency areas, showing numbers exceeding maximum admissible expenses

Monetary unit	Number of claims	Number exceeding maximum admissible expenses	Percentage exceeding maximum admissible expenses
Austrian schilling	303	0	0
Belgian franc	67	0	0
CFA franc	483	1	0.2
Danish krone	51	0	0
Deutsche mark	46	0	0
Finnish markka	31	2	6.5
French franc	1 092	26	2.4
Irish pound	64	2	3.1
Italian lira	414	26	6.3
Japanese yen	34	0	0
Netherlands guilder	56	4	7.1
Norwegian krone	15	0	0
Pound sterling	611	180	29.5
Spanish peseta	19	0	0
Swedish krona	46	1	2.2
Swiss franc	1 032	45	4.4
United States dollar			
(a) Expenditure in the country	1 767	434	24.6
(b) Expenditure outside the country	3 183	50	1.6

ANNEX IX

Number of Professional and higher category staff in receipt of mobility and hardship allowance by category of duty station, grade bands, assignment number and dependency status

HARDSHIP CATEGORY	ASSIGNMENT NUMBER										
	1		2		3		4		5+		
	D	S	D	S	D	S	D	S	D	S	TOTALS
H*											
P-1-P-3	260	324	27	39	38	33	27	15	21	15	799
P-4-P-5	384	201	70	23	75	27	88	37	159	45	1 109
D-1 +	123	34	17	5	18	3	30	9	73	13	325
TOTAL	767	559	114	67	131	63	145	61	253	73	2 233
A											
P-1-P-3	132	111	98	44	42	17	22	10	15	10	501
P-4-P-5	483	129	206	61	86	33	77	22	101	21	1 219
D-1 +	89	15	67	20	24	5	13	4	51	8	296
TOTAL	704	255	371	125	152	55	112	36	167	39	2 016
B											
P-1-P-3	85	68	31	23	16	15	14	5	12	5	274
P-4-P-5	290	77	62	11	40	7	32	4	62	9	594
D-1 +	42	10	13	2	16	0	8	0	21	3	115
TOTAL	417	155	106	36	72	22	54	9	95	17	983
C											
P-1-P-3	192	125	42	17	28	13	10	0	13	6	446
P-4-P-5	429	102	84	18	44	11	43	12	66	11	820
D-1 +	85	26	16	7	13	0	10	0	15	5	177
TOTAL	706	253	142	42	85	24	63	12	94	22	1 443
D											
P-1-P-3	100	90	34	19	27	9	11	6	14	4	314
P-4-P-5	258	72	37	10	50	8	30	6	31	5	507
D-1 +	38	10	19	0	9	1	5	1	14	2	99
TOTAL	396	172	90	29	86	18	46	13	59	11	920
E											
P-1-P-3	38	29	18	7	20	4	9	3	5	2	135
P-4-P-5	87	23	11	4	13	4	5	2	19	9	177
D-1 +	14	5	2	0	3	0	3	1	2	2	32
TOTAL	139	57	31	11	36	8	17	6	26	13	344
TOTAL	3 129	1 451	854	310	562	190	437	137	694	175	7 939

* Most cases in receipt of non-removal element only.

Note. Excludes Junior Professional Officers/Associate Programme Officers/Associate Experts.

ANNEX X

Targets, focal points and women's groups

(As at July 1992)

Organization	Overall established target for Professional women in the organization		Percentage achieved (approx.)	Coordinator or focal point		Advocacy group of/for women staff members
	Percentage	Time-frame		For women in development/women's concerns in substantive programming	For status of women staff members	
United Nations	30	1990		Division for the Advancement of Women, Centre for Social Development and Humanitarian Affairs, United Nations Office at Vienna (UNOV).	Focal Point for Improvement of the Status of Women in the Secretariat Steering Committee for Improvement of the Status of Women in the Secretariat	Group on Equal Rights for Women in the United Nations
	35 (overall)	1995	29.9 (by end of 1991)			
	25 (D-1 and above)	1995	9.3 (by end of 1991)			
UNDP	None set		29	Chief, Programme Planning and Statistics Branch, Technical and Planning Division, UNFPA	Deputy Chief, Staffing, Division of Personnel	UNDP Staff Council Working Group on the Status of Women
UNHCR	35	asap	29			Permanent Working Group on the Situation of Women in UNHCR
	50	eventual goal				
UNICEF	33.3	1990	Reached	Women's Programme Adviser at Headquarters and in two African regions. Women in Development (WID) programme officers at field office level.	Deputy Director, Division of Personnel acts as Focal Point.	1985-1990: Task Force on the Situation of Women in UNICEF. 1991 - Permanent Consultative Group on Women
	40	1994				
	50	2000				

Organization	Overall established target for Professional women in the organization		Percentage achieved (approx.)	Coordinator or focal point		Advocacy group of/for women staff members
	Percentage	Time-frame		For women in development/women's concerns in substantive programming	For status of women staff members	
UNRWA	30	1994	37 (of all staff including teaching, medical, administrative) At highest policy-making level: 3 out of 15, i.e. 20%		Chef de Cabinet	
ITC	30	1995	22	Coordinator for Women in Development	Personnel Administration Section	Joint Committee for Equal Rights for Women Workers
ILO	31	1995	23.5	Special Adviser on Women Workers' question	Director of the Personnel Department	Action Group for Equality Staff Union Sub-Committee
FAO	35	1995	19.3 (Headquarters)	Plan of Action for the Integration of Women in Development (Economic and Social Policy Department)	Personnel Division	Equal Employment Opportunities Liaison Officer designated for each Department. APS Working Group on Women
WFP	30	1997	18	Senior Programme Adviser (Socio-Economist) WID Focal Point Project Design Service Evaluation and Policy Division	Director of Personnel and Administrative Services	WFP Equal Opportunities Officer present in Appointment and Promotion Committee meetings
UNESCO	30	1995	27 (overall) 31.6 (HQ)	Coordinator for programmes concerning women		Ad Hoc Working Group on Equal Opportunities for Women in the Secretariat

Organization	Overall established target for Professional women in the organization		Percentage achieved (approx.)	Coordinator or focal point		Advocacy group of/for women staff members
	Percentage	Time-frame		For women in development/women's concerns in substantive programming	For status of women staff members	
WHO	30 (overall)		24	Focal Point for for Women in Health and Development	Steering Committee on the Employment and Participation of Women (members from governing body, technical programmes, Administration and Joint Ad hoc Group on employment of women)	50-50 Group Joint Ad hoc Group on employment of Women (composed of 50/50, Personnel and Staff Committee)
	35 (minimum objective for recruitment at HQ)					
ICAO	None set					ICAO Women's Affirmative Action Centre (WAAC) established by the Staff Association
UPU	None set					
ITU	None set					
WMO	None set			Focal point for Women in Development		
IMO	30	1995	20	Focal point for Women in Development		IMO Women's Association
WIPO	None set					
IFAD	25	by end 92	22	Technical Advisor (Women in Development)	Personnel Division	
UNIDO	25	1993	23	Coordinator for the Integration of Women in Industrial Development, Industrial Cooperation and Funds Mobilization Division, Department for Programme and Project Development	Integration of Women in Industrial Development	JAC Sub-Committee on Women in the Secretariat Departmental Working Groups Forum of Women Professionals
	30	1995				
IAEA	None set				JAC Sub-Committee on Improvement in the Advancement of Women	Women's Forum
GATT	None set					Informal Group of Professional female staff

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Litho in United Nations, New York ISSN 0251-9321 41059—October 1992—4,175